# Canadian Food Inspection Agency

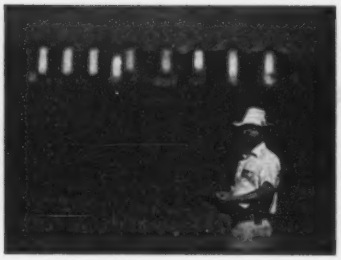
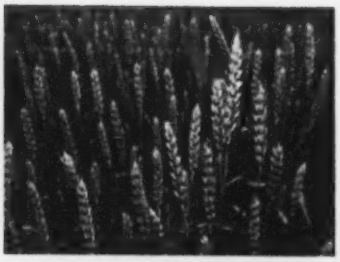
2008–2009

Performance Report

Approved:

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

For the period ending March 31, 2009

2008–2009

# Performance Report

## Canadian Food Inspection Agency

**For the period ending March 31, 2009**

# Table of Contents

**Minister's Message** . . . . . 1

**Management Representation Statement for Performance Information** . . . . . 3

**Section I: Agency Overview** . . . . . 4

1.1 Raison d'être . . . . . 4

1.2 Responsibilities . . . . . 4

1.3 Strategic Outcomes and Program Activity Architecture . . . . . 5

1.4 Performance Summary . . . . . 6

1.4.1 Expenditure Profile . . . . . 6

1.4.2 Performance Summary Tables . . . . . 9

1.4.3 Contribution of Priorities to Strategic Outcomes . . . . . 12

1.5 Risk Analysis . . . . . 15

1.6 Office of the Auditor General Reports . . . . . 17

**Section II: Analysis of Program Activities by Strategic Outcome** . . . . . 18

2.1 How the Agency Plans and Reports . . . . . 18

2.1.1 Performance Targets . . . . . 18

2.1.2 Assessment of Compliance . . . . . 18

2.1.3 Fair and Reliable Performance Reporting . . . . . 19

2.1.4 Auditor General's Assessment of Performance Information . . . . . 20

2.2 Performance by Strategic Outcomes . . . . . 22

2.2.1 Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed . . . . . 22

Food Safety and Nutrition Risks . . . . . 23

Zoonotic Risks . . . . . 29

2.2.2 Strategic Outcome 2: A safe and sustainable plant and animal resource base . . . . . 32

Animal Health Risks and Production Systems . . . . . 33

Plant Health Risks and Production Systems . . . . . 36

Biodiversity Protection . . . . . 40

2.2.3 Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards . . . . . 43

Integrated Regulatory Frameworks . . . . . 44

Domestic and International Market Access . . . . . 46

**Section III: Supplementary Information** . . . . . 50

3.1 Financial Information . . . . . 50

3.1.1 Financial Highlights . . . . . 50

3.1.2 Auditor General's Audit Opinion on Financial Statements and Audited Financial Statements . . . . . 52

3.2 List of Supplementary Information Tables . . . . . 70

3.3 Other Items of Interest . . . . . 70

# Minister's Message

**The Honourable Gerry Ritz, PC, MP**
Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board

As always, the health and safety of Canadians is a top priority of the Government of Canada. We are committed to delivering a strong and effective food inspection program, protecting the health of Canada's plant and animal resource base as well as providing consumer protection so Canadians can have confidence in the foods they buy.

Maintaining an effective food safety system is a shared responsibility in which various levels of government, industry and even consumers must work together. The Agency works diligently in collaboration with other federal departments, provincial and municipal governments. While the goal is to proactively identify risks before problems occur, the reality is the Agency must respond to unpredictable emergencies and continuously adapt to a constantly changing global environment.

Canadians expect their food products to be safe and reliable. This year the Government launched Canada's Food and Consumer Safety Action Plan (FCSAP). This includes focusing efforts on enhancing regulatory compliance related to the safety of domestic and imported foods, as well as developing tougher more comprehensive food and product safety legislation.

In 2008–2009, the Government of Canada responded to a number of food safety investigations and recalls involving ready-to-eat meats, *Salmonella* in imported peanut butter products and pistachio nuts, melamine in imported milk products and several *E. coli* incidents. In response to the tragic listeriosis outbreak this year, we worked with other federal and provincial authorities to notify the public and recall potentially affected products.

As part of the investigation into the outbreak, the Agency released detailed *Lessons Learned Reports*, and participated in the Report of the *Standing Committee on Agriculture and Agri-Food on Food Safety*, to identify areas for improving our system.

Those lessons learned are being acted upon. The Agency has already started to make important changes to the way we respond to foodborne illness outbreaks; this included immediately implementing mandatory requirements that increase the level of testing in ready-to-eat meats by both the CFIA and industry.

Prime Minister Stephen Harper appointed an Independent Investigator to look into last summer's recalls. In July 2009, Ms. Sheila Weatherill delivered a comprehensive report with detailed recommendations that outline a path forward. In response, the Government has committed to moving forward on all 57 recommendations and is already working to implement further improvements to our food safety system.

As Minister responsible for the CFIA, I am pleased to submit this performance report, which illustrates how the Agency continues to work to fulfill our Government's commitment to improve and protect the health and well being of Canadians.

**The Honourable Gerry Ritz, PC, MP**
Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board

# Management Representation Statement for Performance Information

The Canadian Food Inspection Agency's (CFIA) *2008–2009 Performance Report* for the year ending March 31st, 2009 was prepared under the direction of the President and the Senior Management Committee of the CFIA and approved by the Minister of Agriculture and Agri-Food Canada and Minister for the Canadian Wheat Board. In accordance with the *Canadian Food Inspection Agency Act*, the report also includes an assessment of the fairness and reliability of the performance information conducted by the Auditor General of Canada.

I submit for tabling in Parliament, the *2008–2009 Performance Report* for the CFIA.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the Estimates: 2009-10 Reports on Plans and Priorities and 2008–09 Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat (TBS) guidance;
- It is based on the Agency's Strategic Outcomes and Program Activity Architecture (PAA) that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

**Carole Swan**
President of the Canadian Food Inspection Agency

# Section I: Agency Overview

## 1.1 Raison d'être

As Canada's largest science-based regulatory agency, the CFIA is committed to fulfilling its mission of safeguarding food, animals and plants. With approximately 7,000 employees, the Agency's goal is to contribute to and enhance the health and well-being of Canada's people, environment and economy.

The CFIA's activities are aimed at protecting Canadian and international consumers, thereby benefiting farmers, fishers, foresters, processors and distributors (including importers and exporters).

## 1.2 Responsibilities

The CFIA enforces 13 federal statutes and 43 sets of regulations that govern the safety and nutritional quality of all food sold in Canada and that support a sustainable plant and animal resource base. The Agency's activities include verifying industry compliance; registering and inspecting establishments; and testing food, animals, plants and their related products.

The CFIA shares many areas of responsibility with other federal departments and agencies; provincial, territorial and municipal authorities; and other stakeholders. Consequently, third-party decisions and actions can affect the CFIA's ability to deliver on its mandate. Working within this complex operating environment, the Agency collaborates with its partners to implement food safety measures; manage food, animal and plant risks and emergencies; and promote the development of food safety and disease control systems to maintain the safety of Canada's high-quality agriculture, aquaculture and fisheries, and agri-food products.

This complex operating environment is also affected by the evolution of science and technology, new business and production practices, growth in trade volumes with goods sourced from a greater diversity of markets, changing consumer demands driven by demographic and social trends, and higher international standards. These factors have led to an increase in the complexity of the risks which need to be mitigated by the CFIA and have placed greater demands on the Agency's inspection and certification efforts.

**THE CFIA'S LEGISLATIVE AUTHORITY**

- *Agriculture and Agri-Food Administrative Monetary Penalties Act*
- *Canada Agricultural Products Act*
- *Canadian Food Inspection Agency Act*
- *Consumer Packaging and Labelling Act* (as it relates to food)
- *Feeds Act*
- *Fertilizers Act*
- *Fish Inspection Act*
- *Food and Drugs Act* (as it relates to food)
- *Health of Animals Act*
- *Meat Inspection Act*
- *Plant Breeders' Rights Act*
- *Plant Protection Act*
- *Seeds Act*

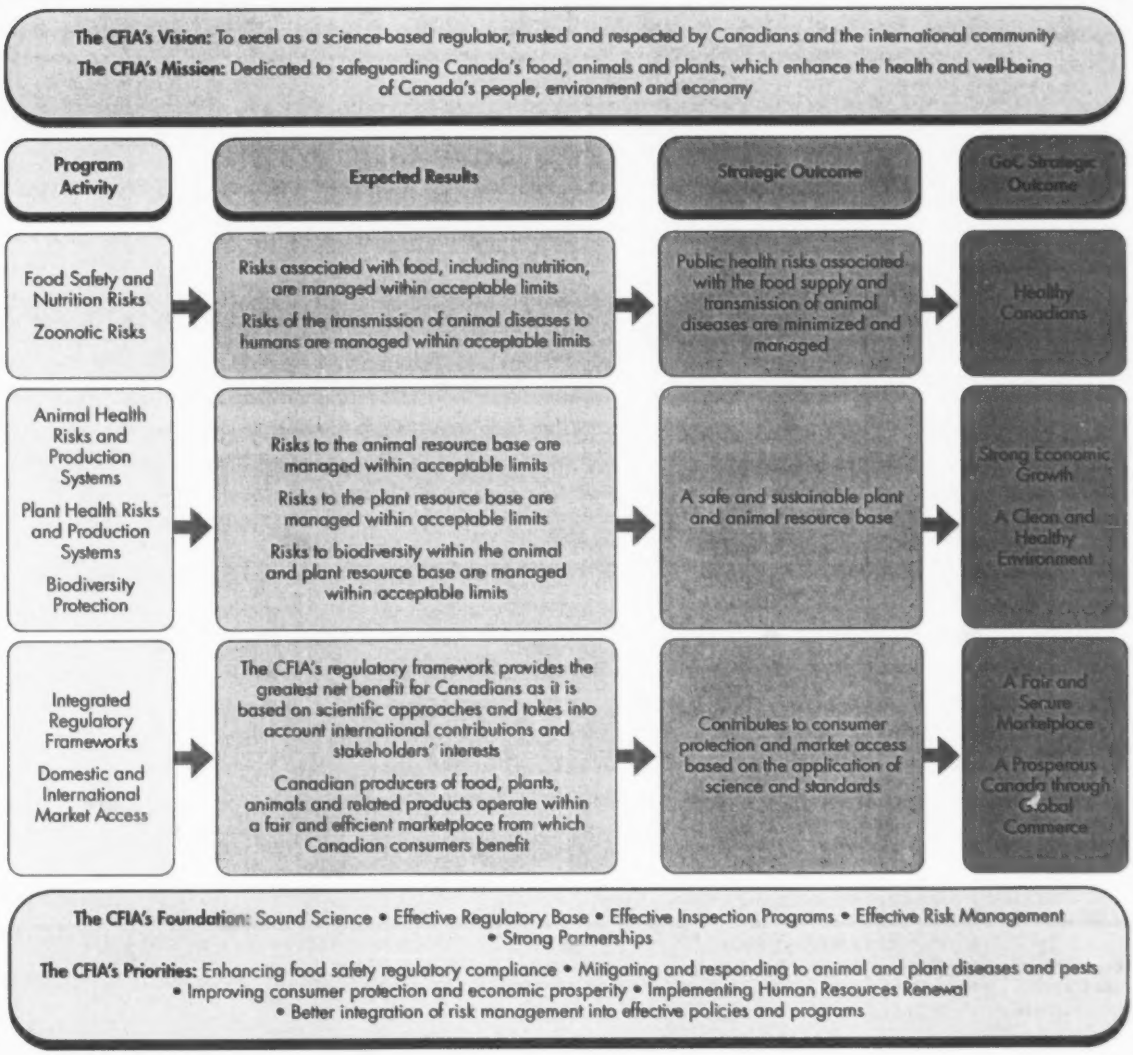
**THE CFIA'S KEY FEDERAL PARTNERS**

- Health Canada
- Public Health Agency of Canada
- Agriculture and Agri-Food Canada
- Canadian Grain Commission
- Public Safety Canada
- Canada Border Services Agency
- Fisheries and Oceans Canada
- Natural Resources Canada, including Canadian Forest Service
- Foreign Affairs and International Trade Canada
- Environment Canada, including Canadian Wildlife Service

## 1.3 Strategic Outcomes and Program Activity Architecture

The CFIA's PAA is a component of its Management, Resources and Results Structure (MRRS), which forms part of the *Whole of Government Framework* for a common, government-wide approach to the collection, management and reporting of financial and non-financial information. To effectively deliver on its responsibilities, the CFIA aims to achieve three strategic outcomes.[1] As noted in the *2008–09 Report on Plans and Priorities* (RPP), the Agency's PAA has changed from 2007–08. The current PAA, shown in Figure 1, illustrates the alignment of the Agency's strategic outcomes with those of the Government of Canada (GoC) and reflects how the Agency plans to allocate and manage its resources in order to achieve the corresponding expected results.

**Figure 1: The CFIA's Program Activity Architecture**


The CFIA's Vision: To excel as a science-based regulator, trusted and respected by Canadians and the international community
The CFIA's Mission: Dedicated to safeguarding Canada's food, animals and plants, which enhance the health and well-being of Canada's people, environment and economy
Program Activity
Expected Results
Strategic Outcome
GoC Strategic Outcome
Food Safety and Nutrition Risks
Zoonotic Risks
Risks associated with food, including nutrition, are managed within acceptable limits
Risks of the transmission of animal diseases to humans are managed within acceptable limits
Public health risks associated with the food supply and transmission of animal diseases are minimized and managed
Healthy Canadians
Animal Health Risks and Production Systems
Plant Health Risks and Production Systems
Biodiversity Protection
Risks to the animal resource base are managed within acceptable limits
Risks to the plant resource base are managed within acceptable limits
Risks to biodiversity within the animal and plant resource base are managed within acceptable limits
A safe and sustainable plant and animal resource base
Strong Economic Growth
A Clean and Healthy Environment
Integrated Regulatory Frameworks
Domestic and International Market Access
The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests
Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace from which Canadian consumers benefit
Contributes to consumer protection and market access based on the application of science and standards
A Fair and Secure Marketplace
A Prosperous Canada through Global Commerce
The CFIA's Foundation: Sound Science • Effective Regulatory Base • Effective Inspection Programs • Effective Risk Management • Strong Partnerships
The CFIA's Priorities: Enhancing food safety regulatory compliance • Mitigating and responding to animal and plant diseases and pests • Improving consumer protection and economic prosperity • Implementing Human Resources Renewal • Better integration of risk management into effective policies and programs

[1] Strategic outcome: Long-term and enduring benefit to Canadians that stems from the Agency's vision and mission. It represents the difference the Agency intends to make for Canadians.

# 1.4 Performance Summary

## 1.4.1 Expenditure Profile

### *1.4.1.1 Comparison of Planned versus Actual Spending*

For 2008–09, the variance between Planned Spending and Total Authorities was, in part, due to extra funding received for new program initiatives such as the FCSAP and extended program initiatives such as bovine spongiform encephalopathy (BSE). The variance also includes extra funding received for collective bargaining and increases in statutory items such as statutory compensation and the employee benefit plan. The variance between Actual Spending and Total Authorities was mainly the result of frozen allotments[2] and a "start-up" year for the CFIA in the implementation of the FCSAP.

The variance between Planned and Actual Human Resources is attributed to the implementation of the FCSAP during the fiscal year, along with increased staffing activity for front-line inspection services.

| 2008–09 Financial Resources ($ millions) | | |
|---|---|---|
| **Planned Spending** | **Total Authorities** | **Actual Spending** |
| 605.3 | 697.0 | 645.5 |

| 2008–09 Human Resources (Full-time Equivalents – FTEs[3]) | | |
|---|---|---|
| **Planned** | **Actual** | **Difference** |
| 6,294 | 6,489 | (195)[4] |

[2] A frozen allotment is the result of a direction from the TBS to withhold spending on a specific initiative until the organization has met one or more conditions.

[3] Full Time Equivalent (FTE): A measure of human resource consumption. It calculates the number of assigned hours of work over the total hours of regularly scheduled work (37.5 hours per week over 12 months). For example, an employee who works half-time (18.75 hours per week) over a 12 month period is equivalent to a 0.5 FTE.

[4] This is the net change in FTEs in 2008–09, including all hires and departures.

### *1.4.1.2 Voted and Statutory Items*

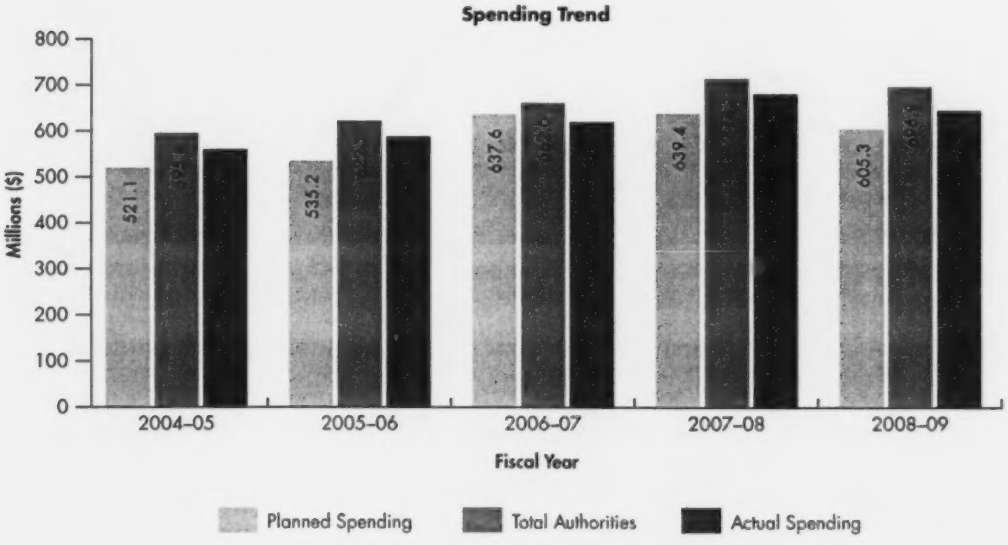
| Vote # or Statutory Item (S) | Truncated Vote or Statutory Wording | 2006–07 ($ millions) | 2007–08 ($ millions) | 2008–09 ($ millions) | |
|---|---|---|---|---|---|
| | | Actual Spending | Actual Spending | Main Estimates | Actual Spending |
| 30 | Operating Expenditures and Contributions | 530.5 | 573.6 | 471.9 | 524.6 |
| 35 | Capital Expenditures | 21.4 | 22.3 | 34.7 | 26.1 |
| (S) | Compensation Payments under the *Health of Animals Act* and the *Plant Protection Act* | 3.8 | 10.6 | 1.5 | 20.5 |
| (S) | Contributions to employee benefit plans | 64.6 | 74.1 | 67.5 | 73.5 |
| (S) | Spending of proceeds from the disposal of surplus Crown assets | 0.3 | 0.7 | 0.0 | 0.8 |
| | **Total** | **620.6** | **681.3** | **575.6** | **645.5** |

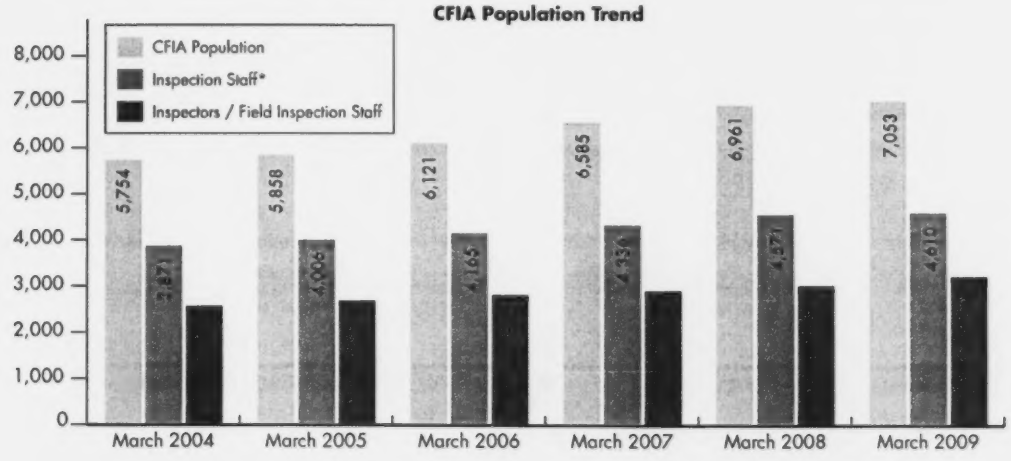
The decrease in Actual Spending from 2007–08 to 2008–09 within the Operating Expenditures and Contributions Vote was mainly a result of the following: the 2007–08 settlement of one-time retroactive payments resulting from the reclassification of meat inspector positions and frozen allotments in 2008–09. The overall decrease was partially offset by increased expenditures in 2008–09 resulting from the first year of implementation of the FCSAP.

The increase in Actual Spending within the Capital Expenditures Vote from 2007–08 to 2008–09 is attributed to FCSAP funding received in 2008–09. The increase in Statutory Compensation Payments from 2007–08 to 2008–09 largely pertains to increased expenditures related to Chronic Wasting Disease and Sudden Oak Death.

### *1.4.1.3 Spending and CFIA Population Trend*

The CFIA's spending steadily increased from 2004–05 to 2007–08 mainly due to incremental resources received for BSE, Avian and Pandemic Influenza (AI), the Invasive Alien Species (IAS) Strategy, the National Aquatic Animal Health Program (NAAHP) and collective bargaining allocations. However, in 2008–09, spending decreased over the previous fiscal year largely on account of an increase in frozen allotments and non-recurring spending in 2007–08 for settlement of the reclassification of meat inspector positions. These reductions were partly offset by new FCSAP spending. The CFIA's population including inspection staff and inspectors and field inspection staff steadily increased from 2004 to 2009.




*Inspection Staff are composed of a variety of occupational groups including the Agriculture (AG), Biological Sciences (BI), Chemistry (CH), Engineering & Scientific Support (EG), Inspection Management (IM) and Veterinary Medicine (VM) groups.

## 1.4.2 Performance Summary Tables

### Table 1–1: Linking Performance to Strategic Outcome 1

| Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed | |
|---|---|
| **Program Activity** | **Alignment to Government of Canada Outcomes[5]** |
| Food Safety and Nutrition Risks | Healthy Canadians |
| Zoonotic[6] Risks | Healthy Canadians |

**Performance 2008–09[7]**

In collaboration with its partners, the CFIA has improved inspection procedures, enhanced emergency preparedness and response and promoted public awareness in order to minimize and manage public health risks associated with the food supply. The Agency continued to advance its surveillance, detection and control activities in order to minimize and manage risks associated with the transmission of animal diseases to humans.

| Program Activity | 2007–08 Actual Spending[8] ($ millions) | 2008–09[9] ($ millions) | | | |
|---|---|---|---|---|---|
| | | Main Estimates | Planned Spending | Total Authorities | Actual Spending |
| Food Safety and Nutrition Risks | 291.3[10] | 236.8 | 260.9 | 289.6 | 281.0 |
| Zoonotic Risks | 95.6 | 124.3 | 126.1 | 149.7 | 99.3 |
| **TOTAL** | **386.9** | **361.1** | **387.0** | **439.3** | **380.3** |

[5] For more information on Government of Canada Outcomes, please refer to: http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/mrrsp-psgrr/wgf-cp-eng.asp

[6] Zoonotic: Zoonotic diseases are diseases transmissible from animals to humans.

[7] The Agency does not have specific performance indicators at the strategic outcome level. The summary presented here is supported by the performance information outlined in Sections II and III. This also applies to the Performance 2008–09 section in Tables 1–2 and 1–3.

[8] The "2007–08 Actual Spending" data has been modified to reflect the CFIA's current PAA. This also applies to the 2007–08 Actual Spending data in Tables 1–2 and 1–3.

[9] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

[10] The 2007–08 Actual Spending figure includes a one-time payment of $20 million for settlement of the reclassification of meat inspector positions.

## Table 1–2: Linking Performance to Strategic Outcome 2

| Strategic Outcome 2: A safe and sustainable plant and animal resource base | |
|---|---|
| **Program Activity** | **Alignment to Government of Canada Outcomes** |
| Animal Health Risks and Production Systems | Strong Economic Growth |
| Plant Health Risks and Production Systems | A Clean and Healthy Environment |
| Biodiversity Protection | A Clean and Healthy Environment |

**Performance 2008–09**

In collaboration with its partners, the CFIA has improved animal disease and plant pest surveillance and detection activities and enhanced plant and plant products risk assessments, thereby contributing to a safe and sustainable plant and animal resource base. The Agency remains faced with the challenge of a higher number of high risk pathways for plant pests and continues to take steps to address this issue.

| Program Activity | 2007–08 Actual Spending ($ millions) | 2008–09[11] ($ millions) | | | |
|---|---|---|---|---|---|
| | | Main Estimates | Planned Spending | Total Authorities | Actual Spending |
| Animal Health Risks and Production Systems | 121.2 | 73.6 | 74.7 | 88.7 | 100.0 |
| Plant Health Risks and Production Systems | 82.3 | 77.6 | 79.0 | 95.7 | 91.4 |
| Biodiversity Protection | 13.1 | 14.5 | 14.8 | 16.0 | 15.1 |
| **TOTAL** | **216.6** | **165.7** | **168.5** | **200.4** | **206.5** |

[11] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

## Table 1–3: Linking Performance to Strategic Outcome 3

| Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards | |
|---|---|
| **Program Activity** | **Alignment to Government of Canada Outcomes** |
| Integrated Regulatory Frameworks | A Fair and Secure Marketplace |
| Domestic and International Market Access | A Prosperous Canada Through Global Commerce |

**Performance 2008–09**

The CFIA has taken steps to protect consumers and the marketplace from unfair practices and to improve market access, thereby ensuring that the Agency contributes to consumer protection and market access based on the application of science and standards. While the Agency has continued to modernize its legislative and regulatory framework, ongoing work in this area is needed.

| Program Activity | 2007–08 Actual Spending ($ millions) | 2008–09[12] ($ millions) | | | |
|---|---|---|---|---|---|
| | | Main Estimates | Planned Spending | Total Authorities | Actual Spending |
| Integrated Regulatory Frameworks | 32.9 | 19.1 | 19.5 | 21.6 | 21.1 |
| Domestic and International Market Access | 44.9 | 29.7 | 30.3 | 35.7 | 37.6 |
| **TOTAL** | **77.8** | **48.8** | **49.8** | **57.3** | **58.7** |

[12] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

## 1.4.3 Contribution of Priorities to Strategic Outcomes

For 2008–09, the CFIA established five priorities to guide the management of resources towards achieving its strategic outcomes. The Agency's performance with respect to achieving these priorities is summarized below. Section II elaborates in detail performance by strategic outcome (SO).

**Table 1–4: Summary of Performance by Operational Priority**

| Operational Priorities | Type | Status | Linkages to SO(s) |
|---|---|---|---|
| Enhancing regulatory compliance, with a focus on safety of domestic and imported food | Ongoing | Partially met*<br>In support of this priority, the CFIA undertook the following:<br>• Advanced work in support of Canada's FCSAP, a comprehensive and integrated strategy of active prevention, targeted oversight and rapid response.<br>• In response to the listeriosis outbreak in 2008, improved testing and reporting requirements, enforcement procedures, laboratory processes and relationships with international partners to mitigate food safety risks.<br>• Developed the Food Safety Research Plan, which has resulted in the development of more sensitive testing methodologies and a reduction of analysis time, thus facilitating better decision-making for food safety.<br>• Established plans to improve regulatory compliance through the continued implementation of the Compliance Verification System (CVS), enhanced capacity to anticipate and respond to food safety incidents, and improved surveillance activities related to food imports. | SO 1: Public health risks associated with the food supply and transmission of animal diseases to humans is minimized and managed |
| Strengthening preparedness to mitigate and respond to animal and plant diseases and pests | Ongoing | Partially met*<br>In support of this priority, the CFIA undertook the following:<br>• Continued to advance work under the Avian and Pandemic Influenza Preparedness Strategy, contributing to an international exercise of the North American Plan for Avian and Pandemic Influenza. The Agency successfully responded to the AI outbreak in British Columbia in early 2009, with no reports of associated human illness.<br>• Continued to implement its comprehensive and integrated BSE program. In 2008, no part of the four confirmed BSE cases entered the human food supply or animal feed systems.<br>• Through the bolstering of the Canadian Veterinary Reserve (CVR), strengthened preparedness and rapid response capability to assist governments in responding to animal health emergencies.<br>• Established plans to maintain capacity for plant protection programs and address areas of high risk to manage the entry and spread of regulated animal and plant diseases. | SO 1: Public health risks associated with the food supply and transmission of animal diseases to humans is minimized and managed<br>SO 2: A safe and sustainable plant and animal resource base |

| Operational Priorities | Type | Status | Linkages to SO(s) |
|---|---|---|---|
| Improving the program and regulatory framework to support continued consumer protection and economic prosperity | Ongoing | Successfully met*<br>In support of this priority, the CFIA undertook the following:<br>• Introduced revised Product of Canada and Made in Canada guidelines to enable consumers to make informed choices regarding the origin of food and food contents.<br>• Continued to strengthen and streamline regulatory frameworks to support enhanced compliance and minimize unnecessary regulatory burden, meeting its Paperwork Burden Reduction Initiative (PBRI) target of a 20 per cent reduction in administrative burden imposed on small business.<br>• Continued to promote national and international alignment of regulations and enforcement, enhance import control activities and facilitate improved market access.<br>• Established plans to work with partners and stakeholders to improve coordination and the legislative and regulatory framework; undertake consumer protection activities, including outreach, enforcement and investigation; and provide technical solutions that support trade. | SO 3: Contributes to consumer protection and market access based on the application of science and standards |

* The CFIA considers to have successfully met its expected results for each operational priority when progress has been made on all commitments outlined in the 2008–09 RPP and most (≥80 per cent) of the corresponding performance targets have been met where targets exist. For details on progress made against RPP commitments, please refer to the RPP Commitments Performance Table in Section 3.3.

## Table 1–5: Summary of Performance by Management Priority

| Management Priorities | Type | Status | Linkages to SO(s) |
|---|---|---|---|
| Implementing Human Resources Renewal | New | Successfully met*<br>In support of this priority, the CFIA undertook the following:<br>• Made improvements in the areas of recruitment, retention, leadership development, learning and creating an enabling HR infrastructure. Performance highlights include the selection of the CFIA as one of the National Capital Region's Top 25 Employers for 2009; exceeding workforce availability in three of the four employment equity groups; the creation and ongoing expansion of a fast-track staffing process; and, as the CFIA's flagship renewal initiative, the development and initiation of the HR Process Lab — a multi-year initiative to create a more risk-based and people-focused culture for managing human resources.<br>• Established plans to continue implementation of the CFIA Renewal Plan. | All SOs |
| Enhancing alignment and coordination within the Agency to better integrate risk management into effective policy development, program design and program delivery | Ongoing | Successfully met*<br>In support of this priority, the CFIA undertook the following:<br>• In an effort to support integrated risk management practices, updated the Agency's Corporate Risk Profile and developed mechanisms to support program risk profiling and the monitoring of risk management processes.<br>• Made progress to strengthen activities toward protecting Canadians from preventable health risks due to unsafe food, animals and plants through improved environmental scanning; enhanced detection methodologies, surveillance and emergency response protocols; improved governance of client business processess and data; provided safe food handling tips to the public; and applied science standards that help to facilitate market access at the international level.<br>• Established plans to further implement integrated management practices that support program and investment planning, decision-making and resource allocation. | All SOs |

* The CFIA considers to have successfully met its expected results for each management priority when progress has been made on all commitments outlined in the 2008–09 RPP . For details on progress made against RPP commitments, please refer to the RPP Commitments Performance Table in Section 3.3.

## 1.5 Risk Analysis

Risk refers to the likelihood of an adverse outcome from a particular event and the extent of its consequences. Managing risk is a continuous, proactive process that involves environmental scanning, accurate risk assessments, the development of risk profiles and the integration of these activities into the decision-making process. For the CFIA, one of the more difficult aspects of risk management is that factors well outside the control and influence of the Agency can significantly affect its ability to manage its key risk areas. For example, changes in the global climate can affect the ability of certain plant pests to survive in environments that were previously outside of their range. This can lead to the introduction, establishment and spread of new plant pests, thereby affecting the sustainability of the plant resource base.

In response to this complex risk environment, the Agency has continued to integrate risk management into its program design, delivery and measurement frameworks in an effort to further encourage integrated risk management throughout the organization. This has improved effective risk assessment, management and communication skills at all levels of the organization and has resulted in an improved ability to make decisions that take into account both operational and strategic risks.

In 2008–09, the CFIA completed the update of its Corporate Risk Profile. Nine risk areas were identified that could affect the Agency's ability to effectively deliver on its mandate. For each of the risk areas identified, the Agency put in place strategies to mitigate, reduce and manage risks where possible. For each strategic outcome in Section II, the Agency has identified, by program activity, the work undertaken to address the key risk areas. The following table outlines the CFIA's key risk areas in 2008–09, examples of possible risk events and key initiatives aligned to each risk area.

**Table 1–6: Summary of Risk Areas and Related Key Initiatives**

| Risk Area | Possible Risk Event | Key Initiatives |
|---|---|---|
| Foodborne Hazards | The CFIA and cooperating jurisdictions fail to detect, track and mitigate foodborne pathogens, toxins, chemical contaminants and other health hazards. | • FCSAP<br>• Lessons Learned exercises following the listeriosis outbreak<br>• Good Importing Practices<br>• Meat Inspection – Continuous Improvements<br>• Public Security and Anti-Terrorism |
| Zoonotic Outbreaks/ Incidents | The CFIA is not able to detect and/or prevent the entry and/or spread of an animal disease transmissible to humans. | • Avian and Pandemic Influenza Preparedness Strategy<br>• Animal Health Foresight |
| Animal and Plant Pests and Diseases | The CFIA is not able to appropriately prevent, detect, contain and mitigate a pest or disease that threatens the plant and/or animal resource base. | • CVR<br>• National Wildlife Disease Strategy<br>• Plant Health Program<br>• NAAHP<br>• Animal Health Program: Surveillance<br>• IAS Strategy<br>• Animal Biosecurity (prevention and containment) |
| Program Framework | The CFIA's program and regulatory framework is insufficient to protect Canadian consumers and facilitate trade. | • Cabinet Directive on Streamlining Regulation<br>• Aquatic Animal Health regulatory amendments<br>• Meat Inspection – Continuous Improvements<br>• Equivalency discussions/negotiations |
| Human Resources | The CFIA is unable to attract, develop and retain a human resource base with the necessary competencies to fully and effectively deliver on its mandate. | • The CFIA Renewal Plan |
| Science and Technology Capacity | The CFIA's scientific and/or technology capacity can not remain abreast of new scientific or regulatory developments. | • Forestry Research Strategy<br>• Biotechnology Research Plan<br>• Food Safety Research Plan |
| Information for Decision-Making | Performance, analytical and scientific information is insufficiently compiled, focused and defined to support CFIA decision-making and reporting. | • Performance Management Reporting Solution<br>• Enterprise and Operational Reporting Initiative<br>• Information Management Way Forward<br>• Advances to Performance Measurement Framework |
| Partnerships | The roles and responsibilities of key partners are insufficiently coordinated to support program delivery. | • Canadian Council of Fisheries and Aquaculture Ministers – CFIA Committee<br>• Federal Food Safety Senior Managers Meeting<br>• Academic Advisory Panel<br>• Federal/Provincial/Territorial engagements |
| Internal Coordination | There is insufficient internal coordination to support program design and delivery. | • Corporate Governance Review<br>• Planning and reporting integration |
| For detailed information on many of these key initiatives, please see Sections II and III. | | |

## 1.6 Office of the Auditor General Reports

The Auditor General's assessment of the CFIA's performance information is presented in Section 2.1.4 of this report. The performance information, presented in Section 2.2, has not been audited; the assessment is done only at a review level of assurance.

The Auditor General's audit opinion on the CFIA financial statements is presented in Section 3.1 of this report. The audited statements are also presented in Section 3.1.

The Auditor General has not assessed or audited other sections of this report.

# Section II: Analysis of Program Activities by Strategic Outcome

## 2.1 How the Agency Plans and Reports

In accordance with TBS' MRRS policy, the CFIA's planning and reporting framework is based on strategic outcomes, a PAA and an associated governance framework. The PAA is aligned with the GoC outcomes and takes into consideration the impact of several factors including the global, national and economic environment; GoC priorities; CFIA strategic risks; its human and financial resource capacity; and outcomes of its past performance and related lessons learned.

This report highlights key accomplishments and reports on progress made in advancing the plans and priorities identified in the Agency's 2008–09 RPP. Under each strategic outcome and program activity, performance is reported on ongoing activities, risk mitigation strategies and special initiatives, with a focus on expected results for Canadians.

Section 2.2 of this report describes, where possible, performance information, including highlights, challenges and lessons learned, and expected results for each strategic outcome measured against targets using compliance and other relevant performance indicators.

### 2.1.1 Performance Targets

Performance targets are qualitative or quantitative goals set by the Agency that provide a basis for measuring the performance of regulated parties and the CFIA toward achieving expected results. The targets in this report are for critical program areas and are based on either historical averages of actual performance or on the expected results of effective programming (e.g., rate of industry compliance with regulatory standards). The Agency has assessed the extent to which performance has met or exceeded established targets and provided analysis when performance has fallen below targets.

When interpreting performance information, it is important to consider that the CFIA uses various approaches to assess compliance ranging from monitoring activities to targeted interventions. Targets for programs that monitor activities are set differently than for programs that focus on specific areas of non-compliance. In terms of compliance rates, the CFIA considers performance +/- 1 per cent to be considered met.

### 2.1.2 Assessment of Compliance

Given the complexity and inherent variability of the agriculture, agri-food, forestry and fisheries production, processing, and distribution sectors, the approach to assessing compliance varies across commodity groups. The CFIA monitors and promotes compliance by conducting inspections, audits, product sampling, and verifications, using a risk-based approach which focuses effort on the areas of highest risk. For example, the CFIA focuses its efforts on systems, processes, and facilities that have the most direct effect on the safety of food. The resulting compliance rates indicate the extent to which regulated parties have adhered to requirements specified in the federal acts and regulations. A compliance rate of less than 100 per cent means that some proportion of the facilities or products inspected by the CFIA have failed to meet requirements. The CFIA recognizes that 100 per cent compliance across the full range of the Agency's activities is virtually impossible to achieve. Moreover, the compliance trends year over year are important indicators and can suggest systemic issues, broad environmental shifts or can identify when a target is inappropriate. For detailed information on the assessment of compliance, see Section 3.3.4.

### 2.1.3 Fair and Reliable Performance Reporting

The CFIA is committed to providing fair and reliable performance information. Since performance data in the Agency is collected and managed using different methods and procedures, in 2006–07, the Agency conducted a review of certain data systems and the management controls in place to ensure data quality. In 2008–09, as part of this long-term process to improve the overall performance measurement and reporting process, the Agency initiated the Enterprise and Operational Reporting (EOR) system, which is a component of the Performance Management and Reporting Solution (PMRS) project. The primary objective of the PMRS project is to deliver timely performance information that is easily accessible, robust, reliable, and well substantiated. The EOR contributes to this objective by extracting data from the various existing information systems and integrating it in a data warehouse such that it is organized and presented in a way that supports decision-making. The Agency will continue to develop the PMRS project and to examine other ways to improve data quality for performance reporting.

The table below shows the CFIA's rating summary of data systems and process controls for the data used in this report.

**Table 2–1: Overview of Data Systems and Process Controls Ratings[13]**

| Data Systems and Process Controls Rating | Definition | Number of Data Systems and Process Controls |
|---|---|---|
| Good | Has clearly defined policies and procedures in place | 14 |
| Reasonable | Has compensating controls in place to make up for lack of defined policies/procedures | 2 |
| Weak | Has no defined policies/procedures or compensating controls in place | 0 |
| Pending | Review of data system has not yet been completed | 5 |
| Not Assessed | Data system has not been reviewed | 9 |

[13] Refer to Tables 2-2 through 2-8 in Section 2.2 for the relevant data systems and process controls rating for each performance indicator.

## 2.1.4 Auditor General's Assessment of Performance Imformation

**AUDITOR GENERAL'S ASSESSMENT**
**of Performance Information in the Canadian Food Inspection Agency's**
**2008–09 Performance Report**

**To the President of the Canadian Food Inspection Agency**
**and the Minister of Agriculture and Agri-Food**

***What I Assessed***

As required by the *Canadian Food Inspection Agency Act*, I have assessed the fairness and reliability of the Agency's performance information for 2008–09 with respect to the objectives established in its corporate business plan.

***Management's Responsibility***

The performance information reported in the Agency's performance report is the responsibility of management.

***My Responsibility***

My responsibility is to assess the fairness and reliability of the performance information included in the Agency's performance report against the objectives established in its corporate business plan.

My assessment covered only the specific performance information included in the section of its performance report titled "Analysis of Program Activities by Strategic Outcome." My assessment did not include the objectives set out in the corporate business plan or information referenced by web links included in the report. My responsibility does not extend to assessing or commenting on the Agency's actual performance.

***The Nature of My Assessment***

My assessment consisted of a review performed in accordance with the standards for assurance engagements established by the Canadian Institute of Chartered Accountants. The assessment consisted primarily of enquiry, analytical procedures, and discussion related to the performance information. I conducted this assessment using the criteria for the assessment of fairness and reliability described in the Annex.

An assessment based on a review provides a moderate level of assurance and does not constitute an audit. Consequently, I do not express an audit opinion on the Agency's performance information.

***Conclusion***

Based on my assessment, nothing has come to my attention that causes me to believe that the Agency's performance information for 2008–09, with respect to the objectives established in its corporate business plan, is not, in all significant respects, fair and reliable using the criteria described in the Annex to this report.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
21 August, 2009

**Annex**

## CRITERIA FOR THE ASSESSMENT OF FAIRNESS AND RELIABILITY

### OFFICE OF THE AUDITOR GENERAL

The following criteria were developed to assess the fairness and reliability of the information about the Agency's performance with respect to the objectives in its corporate business plan. Two key issues were addressed: Has the Agency reported on its performance with respect to its objectives? Is that information fair and reliable? Performance information with respect to objectives is fair and reliable if it enables Parliament and the public to judge how well the entity or program in question is performing against the objectives it set out to accomplish.

### FAIRNESS

| | |
|---|---|
| **RELEVANT** | The performance information reports in context, tangible, and important accomplishments against objectives and costs. |
| **MEANINGFUL** | The performance information clearly describes expectations and provides benchmarks against which performance is compared. |
| **ATTRIBUTABLE** | The performance information demonstrates why the program has made a difference. |
| **BALANCED** | A representative and clear picture of performance is presented, which does not mislead the reader. |

### RELIABILITY

| | |
|---|---|
| **RELIABLE** | The performance information adequately reflects the facts. |

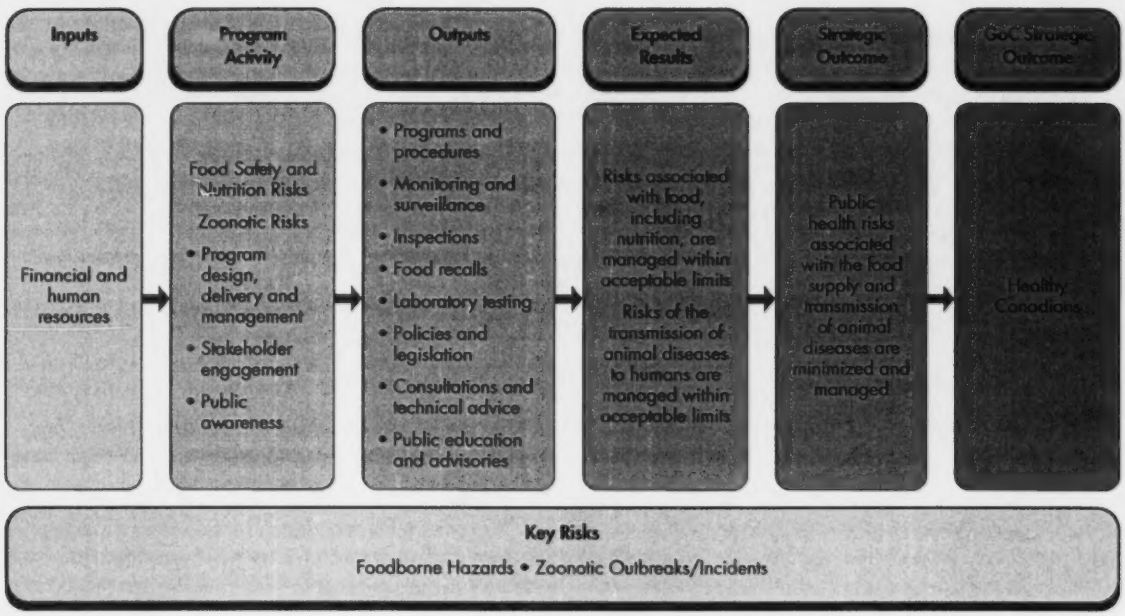
*These criteria were developed specifically for the assessment. The Canadian Food Inspection Agency has acknowledged that they were suitable for the assessment.*

More information on the criteria is available on our website at

http://www.oag-bvg.gc.ca/internet/English/meth_gde_e_10217.html

## 2.2 Performance by Strategic Outcomes

### 2.2.1 Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed


Inputs
Program Activity
Outputs
Expected Results
Strategic Outcome
GoC Strategic Outcome
Financial and human resources
Food Safety and Nutrition Risks
Zoonotic Risks
• Program design, delivery and management
• Stakeholder engagement
• Public awareness
• Programs and procedures
• Monitoring and surveillance
• Inspections
• Food recalls
• Laboratory testing
• Policies and legislation
• Consultations and technical advice
• Public education and advisories
Risks associated with food, including nutrition, are managed within acceptable limits
Risks of the transmission of animal diseases to humans are managed within acceptable limits
Public health risks associated with the food supply and transmission of animal diseases are minimized and managed
Healthy Canadians
Key Risks
Foodborne Hazards • Zoonotic Outbreaks/Incidents

As a contributor to the GoC's integrated approach to population health, the CFIA, in collaboration with federal partners and provincial, territorial and municipal governments, protects Canadians from preventable health risks related to foodborne and animal diseases potentially transmissible to humans. In carrying out activities toward the achievement of this strategic outcome, the Agency focused its efforts on the following two priorities:

- Enhancing regulatory compliance, with a focus on the safety of domestic and imported food; and
- Strengthening preparedness to mitigate and respond to animal and plant diseases and pests.

*Program Activity Summary*

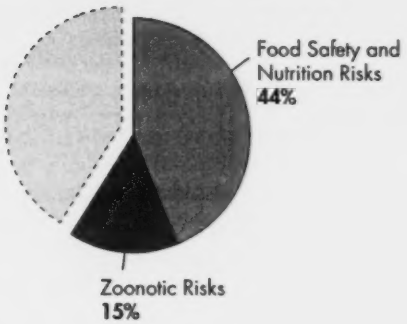
Performance against plans and priorities is presented within the context of the following two program activities:

- Food Safety and Nutrition Risks; and
- Zoonotic Risks.

Work under these program activities is aimed at addressing the *Foodborne Hazards* and *Zoonotic Outbreaks/Incidents* corporate risk areas.[14]

[14] For more details on risk areas, please refer to section 1.5.

**2008–09 Actual Spending**




## *Food Safety and Nutrition Risks*

This program activity represents the highest priority for the Agency given its direct impact on the health and safety of Canadians. The success of the CFIA's efforts are dependent on many factors, some of which are outside of the Agency's direct control. For example, co-operation from federal, provincial, territorial (F/P/T)[15] and municipal partners who provide oversight for health and who share responsibility for food safety, together with private sector organizations that grow, import, produce, process and distribute food, is needed to manage instances where food could pose risks for the overall health of Canadians.

The CFIA also needs to ensure that its compliance and enforcement processes are sufficiently robust to manage the new challenges associated with modern food production and processing systems. Additionally, the Agency has to remain abreast of all entry points where hazards that can affect human health may be introduced along the food continuum.

### *Performance Analysis*

In the summer of 2008, the CFIA, in collaboration with federal and provincial health authorities, responded to a listeriosis outbreak linked to ready-to-eat meats produced at a Maple Leaf Foods establishment in Toronto, Ontario. The Public Health Agency of Canada (PHAC) identified 57 confirmed cases of human illness and 22 deaths linked to this tragic outbreak. A review of the outbreak indicated the most probable cause was contamination of meat slicers used on ready-to-eat meat production lines in a federally-registered establishment. It was determined that meat residue deep inside the slicing mechanisms provided a breeding ground where the *Listeria* bacteria could grow.

In the early stages of the outbreak, there were communications challenges between all federal and provincial agencies and departments involved. These challenges were the result of the complex nature of roles and responsibilities within the area of food safety. However, as soon as illnesses were confirmed to be linked to a food source, the CFIA issued public warnings of recalls for all potentially-affected products. This recall was one of the largestin Canadian history with 192 products recalled and involving close to 30,000 distributors. At the plant where the meat was produced, the CFIA conducted a thorough investigation, oversaw the implementation of corrective measures and verified the resumption of safe operations. The Agency has, together with Health Canada (HC) and the PHAC, examined the events surrounding the listeriosis outbreak and published lessons learned from this review.

Immediately following the outbreak, the CFIA acted to put in place stronger food safety control measures to address the situation both in the specific plant and in ready-to-eat meat plants across the country. These included new directives to industry concerning requirements for the cleaning and disassembly of slicing equipment; enhancements to laboratory procedures, such as the development of more rapid screening methods; and new mandatory requirements (increased sample and environmental testing) to facilitate the earlier detection, reporting and control of *Listeria* risks by both government and industry. While these new measures have strengthened the food safety system, there is room for ongoing improvement, including assessing the federal food safety regulatory and legislative framework to ensure the Agency has the adequate authority to take necessary actions.

[15] The jurisdiction for inspection of non-federally registered establishments is shared with provincial/territorial governments. These establishments are managed using a risk-based management model, where the CFIA prioritizes its compliance activities in areas of high risk, taking enforcement actions in areas of low compliance and gathering intelligence related to contraventions.

**REPORTS ON THE 2008 LISTERIOSIS OUTBREAK**

On January 20, 2009, Prime Minister Stephen Harper announced the appointment of Sheila Weatherill as an Independent Investigator into the August 2008 listeriosis outbreak related to certain processed meat products from Maple Leaf Foods. The *Report of the Independent Investigator into the 2008 Listeriosis Outbreak* was released on July 21, 2009 and is available on the Government of Canada's Listeriosis Investigation website: http://www.listeriosis-listeriose.investigation-enquete.gc.ca/index_e.php.

On June 18, 2009, the Standing Committee on Agriculture and Agri-Food (SCAAF) presented its report, *Beyond the Listeriosis Crisis: Strengthening the Food Safety System* to the House of Commons which is available at the Parliament of Canada's website: http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocID=4004114&Mode=1&Parl=40&Ses=2&Language=E.

On September 11, 2009, the Government announced that it will act on all 57 recommendations made by the Independent Investigator, Sheila Weatherill. The announcement can be found at http://www.inspection.gc.ca/english/corpaffr/newcom/2009/20090911e.shtml.

The Government's response to the SCAAF report was tabled in Parliament on September 17, 2009.

Also, recognizing the importance of coordination among the partners in food safety, the CFIA is working with the PHAC and other F/P/T partners to review and update the multi-jurisdictional *Foodborne Illness Outbreak Response Protocol* which outlines the cooperation and collaboration necessary among these partners to act quickly in the face of future foodborne outbreaks. Additionally, the Agency is contributing to HC's review of its policy on *Listeria* in ready-to-eat foods and is looking at opportunities to expand these lessons learned to other pathogens in the food processing environment.

In 2008–09, the compliance rate for federally registered meat establishments was 95 per cent[16], which is high but still below the target of 98 per cent. In a complex and dynamic environment such as a food processing establishment, it is essentially impossible to eliminate all risk of introducing potential foodborne pathogens into the food supply. In an ever changing environment, the conditions within an establishment can change frequently, resulting in differences in levels of compliance from one day to the next. As such, even a high level of compliance at the time of inspection cannot guarantee against the possibility of a foodborne illness outbreak during the year.

In addition to responding to the listeriosis outbreak and as part of its ongoing efforts to more effectively address food safety risks, the CFIA continued to advance a key inspection initiative, Meat Inspection – Continuous Improvements. Through reforms to animal and carcass inspection, oversight of meat processing and hygiene, and reporting and certification procedures, the CFIA placed increased focus on industry's shared responsibility for meeting regulatory requirements and enhanced the Agency's compliance and enforcement activities. Recognizing the need for modernized inspection approaches, the Agency completed the roll-out of the CVS across all federally-registered meat establishments. While implementation challenges with the CVS have been identified, ongoing improvements are underway.

[16] For further performance analysis regarding federally registered meat establishments, see Table 2–2.

**FOOD AND CONSUMER SAFETY ACTION PLAN**

In 2008–09, the CFIA advanced work in support of the three pillars of Canada's FCSAP: active prevention, targeted oversight and rapid response. The Agency enhanced relationships with international partners to share information regarding food safety issues, developed training materials to enforce the new Product of Canada labelling guidelines, provided the public with key food safety information, increased inspections and sampling targeting high-risk foods and continued to position itself to better track food imports.

The CFIA also implemented the Food Safety Research Plan to reduce analysis time and adopt more sensitive methodologies for detecting food-borne pathogens, resulting in better decision-making capabilities during food safety incidents. Additionally, in continuing to prepare for, and respond to, food safety threats and incidents, the Agency refined its process and criteria for activating emergency operation centres and mobilizing emergency response teams.

Public awareness remains a critical element in the effectiveness of Canada's food safety system. The CFIA, working in partnership with other government departments and agencies and other key stakeholders, advanced education and outreach activities that provide the public and industry with information to make informed decisions to prevent food safety incidents. The *Be Food Safe* program, which forms part of the FCSAP, was designed to reduce the incidence of foodborne illness by raising awareness among consumers of safe food handling practices. The Agency also developed the *Be Aware and Declare!* campaign to mitigate the entry of plant, animal and foodborne pathogens by informing travellers of Canada's import laws regarding food, plants and animals. Although these initiatives were successfully carried out, the Agency is aware that more needs to be done and is continuing its efforts in this area.

***Lessons Learned***

- Together with HC and the PHAC, the CFIA reviewed Canada's food safety systems and emergency response procedures in the context of the listeriosis outbreak and produced lessons learned reports, which are available on each organization's website: http://www.inspection.gc.ca/english/agen/eval/listeria1/introe.shtml http://www.hc-sc.gc.ca/fn-an/pubs/securit/exec-listeriosis-res-eng.php http://www.phac-aspc.gc.ca/fs-sa/listeria/2008-intro-lessons-lecons-eng.php
- The CFIA continues to update the public through its website on its activities with respect to the control of *Listeria*.

*Performance Summary*

The CFIA has taken steps to bolster its inspection workforce, improve and modernize inspection procedures, enhance capacity to predict and respond to emergencies and conduct education and outreach activities to promote public awareness of food safety and nutrition risks. This work has resulted in the Agency making progress in achieving its expected result that risks associated with food, including nutrition, are managed within acceptable limits.

The following table identifies the CFIA's expected result, performance indicators and targets for this program activity, and reports 2008–09 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to section 3.3.2 Summary of Performance Indicators.

## Table 2-2: Summary of Performance: Food Safety and Nutrition Risks

| Program Activity: Food Safety and Nutrition Risks[17] | | | | | |
|---|---|---|---|---|---|
| **Expected Result: Risks associated with food, including nutrition, are managed within acceptable limits** | | | | | |
| **2008–09 Financial Resources ($ millions)** | | | **2008–09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 260.9 | 289.6 | 281.0 | 3,014 | 3,156 | (142) |

**Variance Analysis**

The variance between Planned Spending and Total Authorities is mainly due to funding received through Supplementary Estimates, funding received for collective bargaining and increased employee benefits plan requirements. Part of the variance between Total Authorities and Actual Spending is attributed to 2008–09 being the first year of implementation for the FCSAP program.

| Performance Indicators | Targets | Performance Status[18] | | |
|---|---|---|---|---|
| Extent to which inspected federally-registered establishments comply with federal food safety requirements<br>Data systems and process controls rating<br>Meat: Pending<br>All other sub-indicators:[19] Good | ≥ 98% compliance | Meat | 95% | Not met |
| | | Fish and Seafood | 99% | Met |
| | | Processed Products | 96% | Not met |
| | | Dairy | 100% | Met |
| | | Shell Egg | 100% | Met |

**Performance Analysis:**

**Meat**

In 2008–09, the CFIA implemented a more rigorous inspection regime including a new CVS, new enforcement procedures for meat, and stronger food safety control measures in ready-to-eat meat plants. As a result of the Agency's continuous improvements, inspectors identified a higher number of non-compliance issues, resulting in marginally lower compliance rates as compared with previous years. As meat plants adjust to the more rigorous inspection approach, the compliance rate is expected to move back above the target level.

**Processed Products**

In 2008–09, the CFIA completed revisions to the Establishment Inspection Manual (EIM), providing more concise and clearer direction to inspectors, and implemented new policies regarding compliance requirements. As some establishments are still in the process of adapting to these new requirements, inspectors have identified a higher number of non-compliance issues, resulting in a slightly lower compliance level than in 2007–08. As establishments adjust to the new requirements, the Agency expects compliance rates to increase to meet target levels.

**Compliance Approaches and Methods:**

All sub-indicators use a monitoring approach for compliance, and compliance results are determined during the first follow-up visit that is conducted after the initial inspection.

[17] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

[18] Where applicable, performance indicator results have been rounded off.

[19] Sub-indicators are detailed measures of performance that are rolled-up to provide an overall summary of results for an individual performance indicator.

**Three-year Trend Analysis:**

For the past three years, the Agency has continued to meet most of its performance targets for this indicator. As noted above, compliance rates for Meat decreased slightly in 2008–09 due to improved inspection procedures and compliance and enforcement policies. The trend for Processed Products has varied since 2006–07 due to procedural changes over the years, including requirements for additional elements to be noted as deficiencies and updates to the EIM.

| Performance Indicators | Targets | Performance Status | | |
|---|---|---|---|---|
| Extent to which domestic and imported food products comply with federal chemical residue requirements<br>Data systems and process controls rating<br>Fish and Seafood: Reasonable<br>All other sub-indicators: Good | ≥ 95% compliance | Meat | 97% | Met |
| | | Fish and Seafood | 96% | Met |
| | | Fresh fruit and vegetables | 97% | Met |
| | | Processed Products | 99% | Met |
| | | Honey | 76% | Not met |
| | | Shell Egg | 97% | Met |
| | | Dairy | 98% | Met |

**Performance Analysis:**

All areas were above the compliance target except for Honey. This is due to the fact that bee calming agents are not currently regulated which means that the *Food and Drugs Regulations* have not prescribed a maximum residue level. When a maximum residue level has not been established, a default is set at an aggressive limit of 0.1 parts/million. This default limit resulted in the Honey program missing the compliance target; however, it is not indicative of a health risk. Efforts are underway with HC to establish a maximum limit for the residue level.

**Compliance Approaches and Methods:**

The Fish and Seafood sub-indicator uses monitoring and targeted and investigative approaches for assessing compliance, and compliance results are determined during the initial testing of food product samples. All other sub-indicators use the monitoring approach for compliance, and compliance results are determined during the initial testing of food and product samples.

**Three-year Trend Analysis:**

For the past three years, the Agency has continued to meet its targets and/or improve its results for all areas under this performance indicator except for Honey. In addition to the explanation provided above, the declining trend in compliance rates for Honey has been due to changes in the assessment criteria for butyric acid, a chemical used in bee repellants, and the implementation of a more sensitive testing methodology. Further, bee calming agents are known to occur naturally which contributes to the overall level of non-compliance.

| Performance Indicators | Targets | Performance Status | |
|---|---|---|---|
| Time taken to issue public warnings for Class I recalls<br>Data systems and process controls rating<br>Good | 100% of public warnings for Class I recalls are issued within 24 hours of a recall decision | 99.55% | Met<br>The CFIA considers a target met if the performance result falls within +/- 1% of the target. |

**Performance Analysis:**

In 2008–09, further investigation of a single Class I recall determined that an additional press release was necessary to cover a previously unidentified vendor. Rather than counting the follow-up press release as a new Class I recall, it was treated as an extension of the original recall. This placed the follow-up press release outside of the 24 hour target timeframe, thereby lowering the performance result by 0.45 per cent.

**Three-year Trend Analysis:**

For the past three years, the Agency has met its target for this performance indicator.

| Performance Indicators | Targets | Performance Status | |
|---|---|---|---|
| Extent to which nutrition information on food products inspected is accurate.<br>Data systems and process controls rating<br>Not assessed | ≥ 80% of food products inspected declare nutrition information which is accurate. | 85% | Met |

**Performance Analysis:**

The CFIA met its assigned target and continues to work to maintain its results.

In 2002, the Government introduced requirements for the labelling of most pre-packaged foods with a Nutrition Facts table so that consumers could compare foods and make informed food choices. Recognizing the impact on industry, a five-year transition period was put in place through amendments to the *Food and Drug Regulations*. Although the 2008–09 RPP stated that the CFIA would measure the extent to which food packaging inspected for nutrition labelling displays nutrition information and included indicator wording and an associated target to this effect, the transition period ended in December 2007. As a result of the now mandatory labelling requirements, the Agency has moved to verifying the extent to which nutrition information on food products inspected is accurate, and the wording of the performance indicator and target has therefore been changed.[20]

**Three-year Trend Analysis:**

For the past three years, the Agency has met its target for this performance indicator.

**Additional Information:**

Moving Forward on Food Safety – Action on *Listeria*: http://www.inspection.gc.ca/english/fssa/movava/movavae.shtml

CFIA Consumer Centre: http://www.inspection.gc.ca/english/fssa/concen/concene.shtml

Food Recalls and Allergy Alerts: http://www.inspection.gc.ca/english/corpaffr/recarapp/recaltoce.shtml

Food and Consumer Safety Action Plan: http://www.healthycanadians.ca/pr-rp/plan_e.html

[20] The new wording for this indicator and target is also included in sections 3.3.2 and 3.3.3.

### *Zoonotic Risks*

Animals, both domestic and wild, can potentially transmit disease-causing agents to humans. These diseases are known as "zoonoses". BSE, AI, H1N1 in swine and strains of rabies are a few examples of diseases of animal origin that have the potential to affect public health. The CFIA focuses its work on detecting, managing and mitigating the spread of existing federally controlled zoonotic diseases and understanding, anticipating and preventing the spread of new zoonotic diseases. Increasingly interconnected markets and higher trade volumes have placed greater demands on the Agency's inspection and certification efforts, posed higher risks to animal health and have led to higher risk of transmission of diseases to humans.

**AVIAN INFLUENZA OUTBREAK IN BRITISH COLUMBIA**

Avian influenza was detected in two commercial poultry operations in southern British Columbia in early 2009. The CFIA acted quickly to contain the outbreak and imposed movement restrictions on birds and bird products in the surrounding area. Communications and collaboration between the Agency and the Province led to effective surveillance, monitoring and response. After extensive testing of commercial poultry in the area, all remaining movement restrictions on birds and bird products were lifted in April, 2009. There was no reported human illness associated with the outbreak and trade impacts were minimized.

#### *Performance Analysis*

As part of its ongoing activities, the Agency has continued to conduct regular scanning of the literature to identify, analyze and share information related to potential animal disease threats and threats to Canada's food supply, food safety and public health. The Agency works with F/P/T partners and other national and international organizations such as the **Canadian Animal Health Coalition**, **Canadian Animal Health Surveillance Network (CAHSN)** and the **World Organisation for Animal Health (OIE)** to share scientific knowledge, establish collaborative approaches to common challenges and share best practices as they pertain to preparedness, disease mitigation and control. An information-sharing link has been established between the CAHSN and the U.S. Animal Health Laboratory Network as part of the Quadrilateral Laboratory Network group formed in 2008. The first meeting of Canada, the U.S., Australia and New Zealand was hosted by the National Centre for Foreign Animal Diseases (NCFAD) in Winnipeg in April 2008. The NCFAD collaborates on diagnostics with the National U.S. Animal Health Laboratory Network, with the goal of a future direct electronic link between the two organizations.

In 2008–09, the CFIA received approximately $65 million for BSE programming, which includes specified risk material removal, an enhanced feed ban, ongoing surveillance and import controls. In 2008, the Agency tested 48,808 samples for BSE, of which four were positive. No part of the confirmed BSE cases entered the human food supply or animal feed systems. The CAHSN has finalized a web-based, stored, real-time central data repository for BSE test results on a national basis, which merges test results from the provincial laboratories with test data from national laboratories. This information is accessible for domestic analysis and reporting to the OIE, and Canada has retained its "controlled risk"[21] OIE designation.

[21] The OIE's Terrestrial Animal Health Code is used to determine a risk classification for a country or zone on the management of human and animal health risks associated with the presence of BSE. There are three risk categories: negligible risk, controlled risk and undetermined risk. The controlled risk category describes commodities from a country or zone that pose a negligible risk of transmitting the BSE agent due to commodity-specific risk mitigation measures. The respective country or zone must demonstrate an education and reporting program; an effective feed ban; and identify, track and destroy certain progeny and herd mates of the BSE-infected animal. The OIE Terrestrial Animal Health Code is available at: http://www.oie.int/eng/normes/mcode/en_sommaire.htm. Refer to Chapter 11.6 of the Code for information on BSE.

The CFIA also continued to advance work under the Avian and Pandemic Influenza Preparedness Strategy, contributing to the design of, and participating in, an international exercise of the North American Plan for Avian and Pandemic Influenza. The Agency enhanced the Canadian Notifiable Avian Influenza Surveillance System (CanNAISS), which is designed to meet current OIE guidelines and new requirements from the European Union. CanNAISS testing will enable the CFIA and farmers to better identify risks and thus control potential disease spread.

***Lessons Learned***

- Through its work with the CAHSN, the CFIA reaped the benefits of network building and cross-jurisdictional collaboration in improving surveillance of serious animal disease threats.
- The work conducted with the Provinces on BSE surveillance has demonstrated that while issues of provincial-federal jurisdiction can be challenging to manage, both the Agency and the Provinces have moved forward on developing a national regulatory base that will enhance BSE programming.

*Performance Summary*

The CFIA has continued to advance its surveillance, detection and control activities, successfully responding to the AI outbreak in British Columbia in early 2009. The Agency also collaborated with partners to enhance program and regulatory frameworks, thereby making progress in achieving its expected result that risks of the transmission of animal diseases to humans are managed within acceptable limits.

The following table identifies the CFIA's expected result, performance indicators and targets for this program activity, and reports 2008–09 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to section 3.3.2 Summary of Performance Indicators.

## Table 2-3: Summary of Performance: Zoonotic Risks

| Program Activity: Zoonotic Risks[22] | | | | | |
|---|---|---|---|---|---|
| **Expected Result: Risks of the transmission of animal diseases to humans are managed within acceptable limits** | | | | | |
| **2008–09 Financial Resources ($ millions)** | | | **2008–09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 126.1 | 149.7 | 99.3 | 913 | 758 | 155 |

**Variance Analysis**

The variance between Planned Spending and Total Authorities is mainly due to an extension of funding received for the BSE program, funding received for collective bargaining and increased employee benefits plan requirements. The variance between Total Authorities and Actual Spending is attributed to the following: frozen allotments, reallocation to other program areas and the inclusion of expenditures within the Animal Health Risks and Production Systems program activity rather than in the Zoonotic Risks program activity.

| Performance Indicators | Targets | Performance Status |
|---|---|---|
| Number of incidents of Avian Influenza that expand beyond the initial control zone<br>Data systems and process controls rating<br>Not assessed | No expansion of the disease beyond the initial control zone | Met |

**Performance Analysis:**

The CFIA met its assigned target and continues to work to maintain its results.

**Three-year Trend Analysis:**

As 2008–09 is the first year the Agency is reporting on this performance indicator, trend information is not available.

**Additional Information:**

Avian Influenza programming: http://www.inspection.gc.ca/english/anima/heasan/disemala/avflu/avflue.shtml

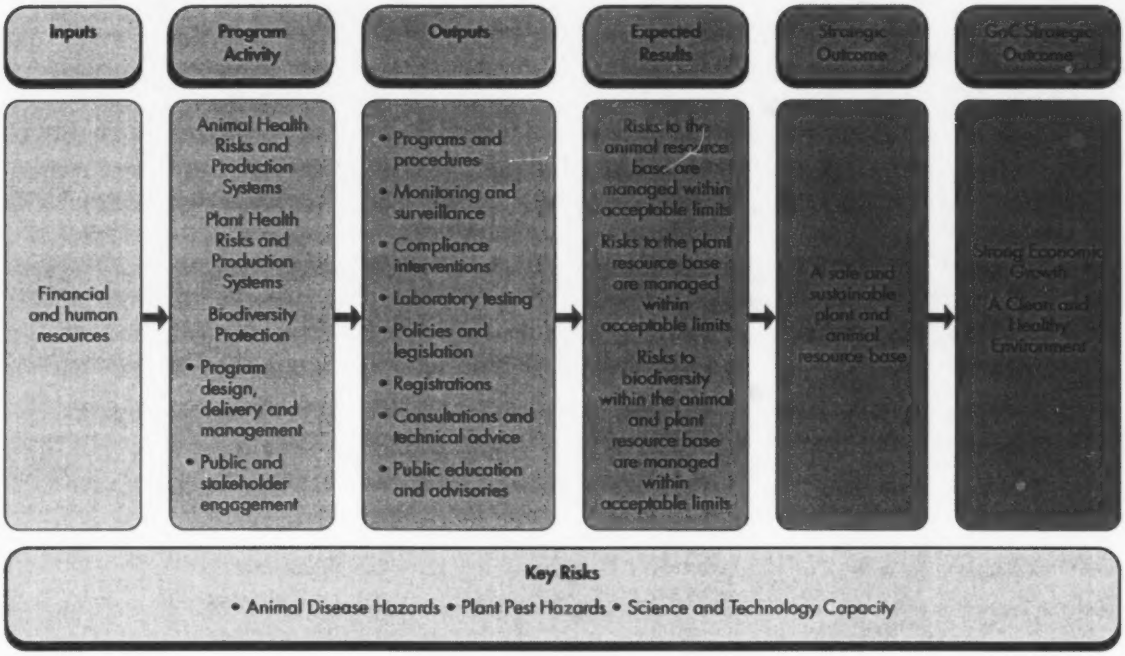
Animal diseases: http://www.inspection.gc.ca/english/anima/heasan/disemala/disemalae.shtml

### *Benefits for Canadians*

Canadians are better protected from food safety and zoonotic risks through the CFIA's continuous improvement processes and rapid response to food safety emergencies when they occur. Increased public education and awareness activities such as the *Be Food Safe* program and the *Be Aware and Declare!* campaign and greater transparency provided by the new Product of Canada and Made in Canada labelling requirements have ensured Canadians are provided with the valuable information they need to make more informed decisions about their food.

[22] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

## 2.2.2 Strategic Outcome 2: A safe and sustainable plant and animal resource base


Inputs
Program Activity
Outputs
Expected Results
Strategic Outcome
GoC Strategic Outcome
Financial and human resources
Animal Health Risks and Production Systems
Plant Health Risks and Production Systems
Biodiversity Protection
• Program design, delivery and management
• Public and stakeholder engagement
• Programs and procedures
• Monitoring and surveillance
• Compliance interventions
• Laboratory testing
• Policies and legislation
• Registrations
• Consultations and technical advice
• Public education and advisories
Risks to the animal resource base are managed within acceptable limits
Risks to the plant resource base are managed within acceptable limits
Risks to biodiversity within the animal and plant resource base are managed within acceptable limits
A safe and sustainable plant and animal resource base
Strong Economic Growth
A Clean and Healthy Environment
Key Risks
• Animal Disease Hazards • Plant Pest Hazards • Science and Technology Capacity

The CFIA's programming is aimed at protecting Canada's crops, forests, livestock, aquatic species and wildlife from regulated pests and diseases; preventing the introduction of undesirable or dangerous substances into human food or the environment through animal and plant production systems; and assessing the environmental sustainability and impact on biodiversity of new products derived through enabling technologies such as biotechnology. In 2008–09, the CFIA worked with Agriculture and Agri-Food Canada (AAFC) on a number of cooperative activities including: portfolio cooperation relating to business risk management, research and policy/program development, delivery of the IAS Strategy and market access negotiations. In carrying out activities toward the achievement of this strategic outcome, the Agency focused its efforts on the following priority:

- Strengthening preparedness to mitigate and respond to animal and plant diseases and pests.

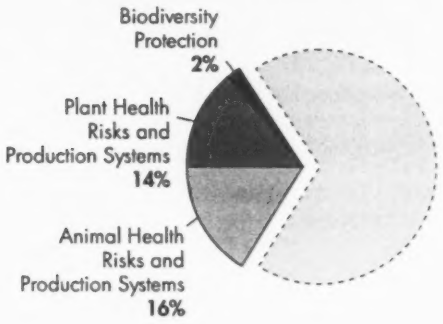
### *Program Activity Summary*

Performance against plans and priorities is presented within the context of the following three program activities:

- Animal Health Risks and Production Systems;
- Plant Health Risks and Production Systems; and
- Biodiversity Protection.

Work under these program activities is aimed at addressing the *Animal and Plant Pest Diseases* and *Science and Technology Capacity* corporate risk areas.

**2008–09 Actual Spending**


Biodiversity Protection 2%
Plant Health Risks and Production Systems 14%
Animal Health Risks and Production Systems 16%

## *Animal Health Risks and Production Systems*

The CFIA's programming plays an important role in minimizing and managing risk by protecting Canada's animals (including livestock, aquatic species and wildlife) from regulated diseases that are prevalent in Canada; actively managing, containing and eradicating outbreaks that occur; and supporting preparedness to mitigate the entry and spread of new diseases. The CFIA's programs are also focused on providing oversight for production inputs, such as feed, to verify that controls are in place to prevent the spread of animal diseases. Lastly, under the *Health of Animals Act*, the CFIA regulates animal transportation in Canada by setting standards of care that address the welfare of animals in transit. Higher international standards, the continuing evolution of science and technology and new production practices have increased demands on the Agency and are challenging its capacity to keep pace with emerging research and to minimize risks to animal health.

### *Performance Analysis*

As part of the Growing Forward Framework Agreement signed by F/P/T governments in July, 2008, the CFIA undertook activities related to the strategic management plan for the National Agriculture and Food Traceability System (NAFTS). The NAFTS envisions a comprehensive legislative and regulatory infrastructure for livestock traceability in support of animal health and disease control, emergency management and market access.

In 2008–09, the CFIA initiated an assessment of the legislative framework needed to enable a NAFTS and development of national traceability data and system interoperability standards and conducted preliminary work on the development of a national traceability portal through which data collected in many databases will be accessed through a single window.

The Agency continued its recruitment campaign for the Canadian Veterinary Reserve (CVR), bringing its total to 157 private sector veterinarians to assist governments in responding to animal health emergencies across Canada. The CVR supplements existing response capabilities of federal and provincial governments and provides Canada with additional flexibility to increase its surge capacity, expertise and rapid response capability. The Agency also completed a risk profiling exercise for Foot-and-Mouth Disease (FMD) and, subsequently, developed a risk-based action plan as part of its emergency prevention, preparedness and response efforts.

In order to consolidate approaches to animal health risk management across governments, industry and academia, the CFIA undertook work related to a National Animal Health Strategy (NAHS). In 2008–09, the F/P/T Regulatory Assistant Deputy Minister (ADM) Committee refocused their efforts toward the development of a National Farmed Animal Health and Welfare Strategy. Phase I of this strategy was completed which included the definition of roles and responsibilities in order to advance production systems and disease control approaches.

***Lessons Learned***

- The CFIA's animal health program is committed to a collaborative approach to planning that considers the views of all relevant stakeholders. In this regard, the Agency has learned of the value of consulting with previously unengaged organizations (such as consumer associations) in order to obtain new perspectives on issues pertaining to minimizing and managing risks to Canada's animal resource base.

### *Performance Summary*

The CFIA has taken steps to improve animal disease surveillance, detection and control activities and continued to collaborate with partners and stakeholders to enhance program and regulatory frameworks. The Agency has continued to meet most of its performance targets, thereby making progress in achieving its expected result that risks to the animal resource base are managed within acceptable limits.

The following table identifies the CFIA's expected result, performance indicators and targets for this program activity, and reports 2008–09 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to section 3.3.2 Summary of Performance Indicators.

**Table 2–4: Summary of Performance: Animal Health Risks and Production Systems**

| Program Activity: Animal Health Risks and Production Systems[23] | | | | | |
|---|---|---|---|---|---|
| **Expected Result: Risks to the animal resource base are managed within acceptable limits** | | | | | |
| **2008–09 Financial Resources ($ millions)** | | | **2008–09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 74.7 | 88.7 | 100.0 | 751 | 808 | (57) |
| **Variance Analysis** | | | | | |
| The difference between Planned Spending and Total Authorities is largely explained by increased statutory compensation, funding received for collective bargaining and increased employee benefits plan requirements. The variance between Total Authorities and Actual Spending is in part explained by the inclusion of expenditures in the Animal Health Risks and Production Systems program activity rather than in the Zoonotic Risks program activity. | | | | | |
| **Performance Indicators** | | **Targets** | | **Performance Status** | |
| Extent to which the CFIA's data indicates that foreign regulated animal diseases have entered Canada via specified regulated pathways<br>Data systems and process controls rating<br>Pending | | No evidence (i.e. confirmed by the CFIA's data) that foreign regulated animal diseases have entered into Canada through specified regulated pathways | | Met | |
| **Performance Analysis:**<br>The CFIA met its assigned target and continues to work to maintain its results.<br>**Three-year Trend Analysis:**<br>For the past three years, the Agency has continued to meet its target for this performance indicator. | | | | | |

[23] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

| Performance Indicators | Targets | Performance Status |
|---|---|---|
| Extent to which the CFIA's data indicates the spread of foreign regulated animal diseases which entered into Canada this fiscal year[24]<br>Data systems and process controls rating<br>Not assessed | No evidence of spread of foreign regulated animal diseases beyond the initial control zone | Met |

**Performance Analysis:**

The CFIA met its assigned target and continues to work to maintain its results.

**Three-year Trend Analysis:**

As 2008–09 is the first year the Agency is reporting on this performance indicator, trend information is not available.

| Performance Indicators | Targets | Performance Status | | |
|---|---|---|---|---|
| Extent to which renderers and feed mills inspected are without any major deviations with respect to the *Feeds Regulations* and the *Health of Animals Regulations* (Enhanced Feed Ban)[25]<br>Data systems and process controls rating<br>Reasonable | ≥ 95% compliance | Renderers | 93% | Not met |
| | | Feed Mills | 78% | Not met |

**Performance Analysis:**

**Renderers**

In 2008–09, a rendering facility new to the inspection process was determined to be non-compliant. This instance led to a drop of 2.2 per cent in overall compliance, resulting in the Agency not meeting its target. It is expected that as the facility becomes more familiar with the regulations and inspection requirements, its compliance will improve.

**Feed Mills**

In 2008–09, the operators of facilities raised concerns over certain compliance standards. In response, the CFIA and operators began working towards addressing these concerns. To strengthen compliance rates, the CFIA is working to improve its enforcement systems including oversight, controls and follow-up procedures to better ensure that incidents of non-compliance are addressed and resolved.

**Compliance Approaches and Methods:**

For both sub-indicators, a monitoring approach is used for assessing compliance, and compliance results are determined following a correction period of 60 days minimum after the end of the fiscal year.

**Three-year Trend Analysis:**

For the past three years, there has been a decline in compliance rates for the Renderers sub-indicator due to sensitivities in the calculation methodology as outlined above.[26] Compliance rates for the Feed Mills sub-indicator increased slightly in 2008–09 following a decline in 2007–08. It is expected that there will continue to be improvements in compliance over time.

**Additional Information:**

Animal Health Programs: http://www.inspection.gc.ca/english/anima/animae.shtml

[24] This indicator reflects only foreign animal diseases. The CFIA also conducts a wide variety of activities with regard to animal diseases already established in Canada. Performance measures to illustrate performance in this regard will be developed and will be reported on in future years.

[25] Major deviations with respect to the Enhanced Feed Ban could include: evidence of cross-contamination of ruminant feed with prohibited material, the unavailability of written procedures and required records, and labeling violations. Major deviations with respect to the *Feeds Regulations* could include: evidence of cross-contamination with medications, the unavailability of required records and labeling violations.

[26] The low number of establishments means one incidence of non-compliance drops the overall rate by 2.2 per cent.

### *Plant Health Risks and Production Systems*

The CFIA's programming plays an important role in minimizing and managing risk by protecting Canada's plant resource base (crops and forests) from regulated pests and disease through the regulation of plants and plant products, as well as products that can act as pest pathways (e.g. soil). Given the widening array of pathways for plant pests to enter Canada, the Agency will need to refocus its targets and indicators on those areas under the CFIA's sphere of control. For example, it is impossible for the CFIA to control the passage of pests by natural dispersal means or by means that cannot be readily inspected. Consequently, the CFIA will need to develop indicators of performance on specific areas where risk management measures can be applied and refocus its energies toward understanding the biological processes around these pests and diseases so that sustainable control measures can be implemented.

#### *Performance Analysis*

In 2008–09, following detection of potato cyst nematode (PCN) in Alberta, extensive survey sampling and laboratory testing were required within an extremely short timeframe in order to maintain market access for Alberta potatoes.[27] This challenge was addressed through mobilization of extensive field and laboratory resources and critical partnerships that included the Alberta Ministry of Agriculture and Rural Development.

#### RESPONDING TO THE AUDITOR GENERAL'S REPORT ON PLANT HEALTH

The Office of the Auditor General's (OAG) December 2008 report on Managing Risks to Canada's Plant Resources examined the CFIA's management of risk associated with the imports of plants and plant products. The focus of the audit was on the Agency's plant protection mandate as it relates to the use of a risk-based approach to prevent the entry of alien plants, pests and plant diseases into Canada. The audit did not focus on any food safety-related activities. With respect to plant health and plant protection for imports, the Auditor General's overall conclusion was that the Agency lacked an effective, integrated risk-management approach to plant and plant product imports. The OAG identified signficant problems in the Agency's risk mitigation activities and processes.

The CFIA is in agreement with all of the OAG's recommendations, including improving its approach to conducting pest surveys and risk assessments; level of information exchange with the Canada Border Services Agency (CBSA); and performance management systems, including IM/IT mechanisms, to ensure that the plant health program operates as intended.

The CFIA has developed a management action plan to respond to these recommendations. The Agency has taken measures that will result in improved survey planning and delivery, including the development of new risk criteria for the designation of survey priorities as part of work with key international partners on the North American Risk Analysis Enhancement Project, which is intended to enhance and harmonize risk assessment methodologies.

The CFIA and the CBSA are collaborating on the development of a performance indicator system designed to ensure that the Agency obtains required information from the CBSA in a regular, systematic manner. The CFIA has also initiated the Plant Health Control and Tracking System Project, which specifically targets the Agency's information requirements pertaining to imports, and it has begun designing a modernized quality management process to ensure the plant health program is meeting its intended objectives.

The full Report can be viewed online at:
http://www.oag-bvg.gc.ca/internet/English/parl_oag_200812_04_e_31828.html

[27] For further discussion of market access related to PCN, refer to section 2.2.3 Domestic and International Market Access.

Also, after seven years of effective regulatory controls and eradication programs, the Agency verified that the plum pox virus had been eradicated in six of seven control areas.

The CFIA continued to develop a strengthened and streamlined Canadian plant and plant product (such as seed, fertilizers and fertilizer supplements) regulatory framework to support enhanced compliance.[28] Managing the varying points of views of stakeholders and balancing the need for effective, but not unduly prohibitive regulation, represent a significant challenge in the design and successful implementation of programs. The Agency addressed this challenge through formal consultative forums and negotiations with stakeholders and trading partners. These forums raised stakeholder understanding and awareness of regulatory requirements, which supports ongoing compliance and increases opportunities for stakeholders to engage in policy development. Additionally, ongoing progress was made on the North American Perimeter Approach to improve the international coordination of the regulation of diseases and pests.

***Lessons Learned***

- In developing policies and regulations for plants and plant products, the Agency continues to understand that proper and inclusive consultation and transparent communication early and throughout the process is critical to achieving effective results and reducing delays.
- Staff retention and effective knowledge transfer is critical to sustaining the core activities of the plant health and biosecurity programs. The CFIA is engaging in HR renewal and succession planning to address this issue.
- As identified in the OAG's report on plant health, there is a need for the CFIA to improve its approach to conducting pest surveys and risk assessments, level of information exchange with the CBSA and performance management systems. The Agency is taking steps to address these areas.

### *Performance Summary*

The CFIA has taken steps to improve plant pest surveillance, detection and control activities and has continued to collaborate with partners and stakeholders to enhance program and regulatory frameworks, thereby making progress in achieving its expected result that risks to the plant resource base are managed within acceptable limits. The Agency remains faced with the challenge of the spread of some plant pests and it needs to identify performance indicators that are more appropriate to its activities.

The following table identifies the CFIA's expected result, performance indicators and targets for this program activity, and reports 2008–09 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to section 3.3.2 Summary of Performance Indicators.

[28] The Agency's work in this area also falls under the Integrated Regulated Frameworks program activity.

## Table 2–5: Summary of Performance: Plant Health Risks and Production Systems

| Program Activity: Plant Health Risks and Production Systems[29] | | | | | |
|---|---|---|---|---|---|
| **Expected Result: Risks to the plant resource base are managed within acceptable limits** | | | | | |
| **2008–09 Financial Resources ($ millions)** | | | **2008–09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 79.0 | 95.7 | 91.4 | 753 | 694 | 59 |

**Variance Analysis**

The variance between Planned Spending and Total Authorities is attributed to increased statutory compensation payments, funding received for collective bargaining and increased employee benefits plan requirements. The variance between Total Authorities and Actual Spending is mostly explained by reallocation to other program areas.

| Performance Indicators | Targets | Performance Status |
|---|---|---|
| Extent to which CFIA data indicates the entry and establishment of new and foreign regulated plant diseases and pests into Canada (listed diseases/pests in the Regulated Pest List for Canada)<br>Data systems and process controls rating<br>Pending | No evidence (i.e. confirmed CFIA data) of the entry and establishment of new foreign regulated plant diseases and pests into Canada through specified regulated pathways | Met<br>0 entries of pests currently on the Regulated Pest List for Canada |

**Performance Analysis:**

The CFIA met its target in 2008–09 due in part to a refinement of the performance indicator, whereby the Agency counts the entry and establishment of only those pests that are on the Regulated Pest List for Canada. However, the spread of pests and diseases can result from many factors including natural mechanisms such as wind or wildlife. Consequently, the current target is not realistic because no containment program can control all possible plant pests and diseases. As such, work is ongoing in this area to identify more appropriate performance targets based on pre-border, border and post-border risk mitigation strategies and control measures.

**Three-year Trend Analysis:**

In 2006–07, there were two new pests identified and in 2007–08, there were three new pests identified. As noted, work is ongoing to identify more appropriate performance targets.

[29] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

| Performance Indicators | Targets | Performance Status |
|---|---|---|
| Extent of change in the presence of regulated plant diseases or pests beyond the regulated areas<br>Data systems and process controls rating<br>Pending | No evidence of increase in the size of regulated areas for plant diseases/ pests attributable to human activity | Not Met<br>Five pests spread outside regulated areas |

**Performance Analysis:**

The CFIA helps to limit the spread of pests and diseases caused by humans through the movement of material such as logs, firewood or nursery stock. However, in many cases it is difficult to attribute the spread of a pest and/or disease to a specific human activity versus a spread caused by natural mechanisms such as wind or wildlife. As such, the current target is not realistically achievable. Work is ongoing in this area to identify more appropriate performance targets.

**Three-year Trend Analysis:**

For the past three years, there has not been a significant variance in the numerical results obtained. Although, as noted, work is ongoing to identify more appropriate performance targets.

| Performance Indicators | Targets | Performance Status |
|---|---|---|
| Extent to which Plant Health risks identified by the CFIA (within and outside Canada) are communicated to the affected stakeholders<br>Data systems and process controls rating<br>Not assessed | Following the identification of a plant health risk, appropriate information is communicated with the relevant stakeholders in less than one month | Not met<br>33% of communications were made in less than one month |

**Performance Analysis:**

In many cases, the pest risk assessment results were not communicated in time due to the level of analysis required for the CFIA to determine a strategy to address the risks identified. The Agency is working to improve its tracking and timing of communications with stakeholders as well as consistency in its communication tools.

**Three-year Trend Analysis:**

As 2008–09 is the first year the Agency is reporting on this performance indicator, trend information is not available.

**Additional information:**

Plant Protection Programs: http://www.inspection.gc.ca/english/plaveg/plavege.shtml
Plant Pests: http://www.inspection.gc.ca/english/plaveg/pestrava/pestravae.shtml

### *Biodiversity Protection*

The CFIA's programming in support of biodiversity protection plays an important role in minimizing and managing risks to Canada's environment. Legislation addressing the management of novel agricultural products and emerging biotechnologies is administered by the CFIA and contributes to biodiversity protection, including the *Plant Protection Act*, *Seeds Act*, *Fertilizers Act*, *Feeds Act* and the *Health of Animals Act*. The CFIA's programming includes protecting Canada's biodiversity from the spread of invasive alien species and other pests that could emerge due to environmental change. It also includes the environmental assessment of novel agricultural products, including products of emerging technologies.

#### *Performance Analysis*

In 2008–09, the CFIA continued to work with partners to develop an overarching invasive alien species policy to provide grounds for enforcement and compliance with regulations. The Agency has enhanced inspection procedures for imported plant products and high risk pathways for plant pests. Through the *Don't Move Firewood* campaign, the CFIA has raised awareness among Canadians of the potential damage that moving firewood can cause to our national forests by aiding the spread of invasive species, such as the emerald ash borer. An ongoing challenge is the ability to keep pace with new technologies for the purposes of pest detection and control. The CFIA has engaged in an agreement with Natural Resources Canada's Canadian Forest Service to conduct research on detection methodologies for forest pests in Canada. This initiative aligns resources toward areas of concern, while providing a flexible framework to structure research needs for future plant pest problems.

Under the *Canadian Environmental Protection Act*, there are multiple departments and agencies involved in the regulation of products of biotechnology. The Agency has worked with federal partners to facilitate the coordination and harmonization of policy and regulatory approaches and developed a roadmap for the regulation of novel agricultural products in Canada. The Agency has also increased capacity for scientific evaluation of novel products of biotechnology for registration purposes and research authorizations. An ongoing challenge is the ability of the CFIA's scientific information, expertise and policies to keep pace with emerging technologies and products.

**Lessons Learned**

- Complex issues related to new plants and new plant uses pose science, policy and program design and delivery challenges. The Agency understands the significant value of internal communication and coordination in addressing these challenges and is committed to enhancing collaborative approaches to ensure roles and responsibilities are well understood.

#### *Performance Summary*

A higher number of high-risk pathways for plant pests has increased the challenge of preventing the spread of invasive alien species within Canada. The Agency has enhanced inspection procedures and taken steps to improve detection methodologies for forest pests. The Agency has also continued to assess agricultural products for safety and efficacy and collaborated with partners and stakeholders to enhance program and regulatory frameworks, thereby making progress in achieving its expected result that risks to biodiversity within the animal and plant resource base are managed within acceptable limits.

The following table identifies the CFIA's expected result, performance indicators and targets for this program activity, and reports 2008–09 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to section 3.3.2 Summary of Performance Indicators.

## Table 2-6: Summary of Performance: Biodiversity Protection

| Program Activity: Biodiversity Protection[30] | | | | | |
|---|---|---|---|---|---|
| **Expected Result: Risks to biodiversity within the animal and plant resource base are managed within acceptable limits** | | | | | |
| **2008–09 Financial Resources ($ millions)** | | | **2008–09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 14.8 | 16.0 | 15.1 | 130 | 230 | (100) |
| **Performance Indicators** | | **Targets** | **Performance Status** | | |
| Extent to which authorized novel products, having undergone an environmental assessment, comply with CFIA requirements and standards outlined in the authorization[31]<br>Data systems and process controls rating<br>Pending | | Plants with Novel Traits: 90%<br>Novel Fertilizer: 95%<br>Additional information[32] | Plants with Novel Traits | 96% | Met |
| | | | Novel Fertilizer | 80% | Not met |
| | | | Feed | Not reported in 2008–09 | |
| | | | Veterinary Biologics | Not reported in 2008–09 | |

**Performance Analysis:**

**Novel Fertilizer**

The CFIA did not meet its target due, in part, to two minor, non-safety-related inconsistencies between the trial and the CFIA requirements outlined in the authorization. Due to the small number of trials, each non-compliance has a significant impact on the compliance rate overall. Also, the Novel Fertilizer sub-indicator methodology no longer includes registered, well-established product types that have had a history of generally high compliance.

**Compliance Approaches and Methods:**

For the Plants with Novel Traits and Novel Fertilizer sub-indicators, a monitoring approach is used for assessing compliance and compliance results are determined during the initial inspection.

**Three-year Trend Analysis:**

For the past three years, there has been an increasing trend in compliance rates for the Plants with Novel Traits area and consistent compliance rates for the Novel Fertilizer area given the small number of trials.

**Additional information:**

Invasive Alien Species: http://www.inspection.gc.ca/english/plaveg/invenv/refe.shtml

Plant Biosafety: http://www.inspection.gc.ca/english/plaveg/bio/pbobbve.shtml

[30] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

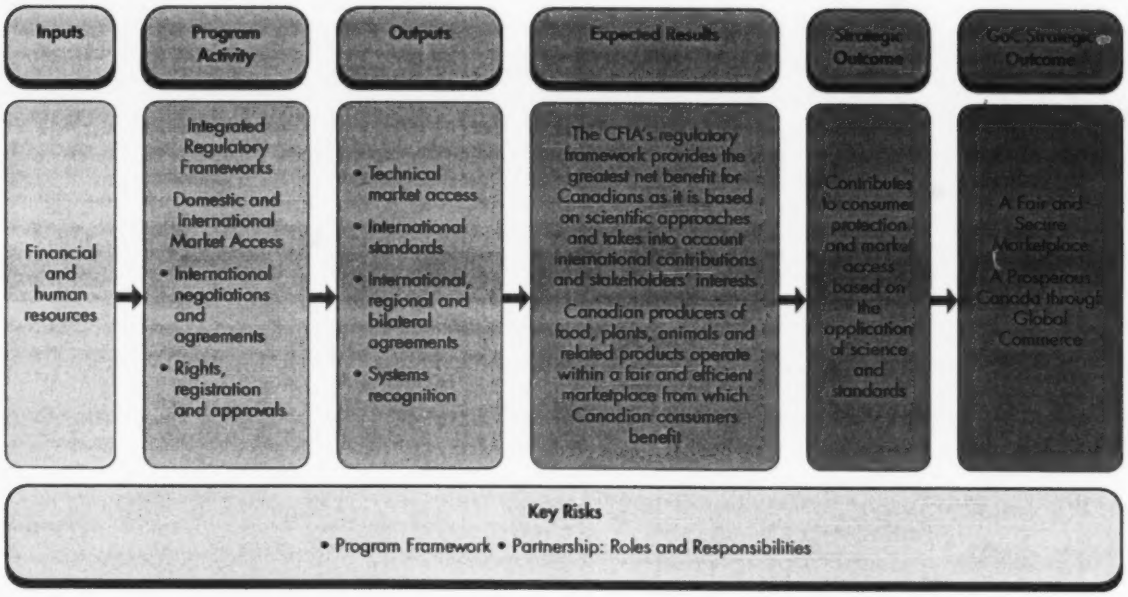
[31] No performance indicators for the Biodiversity Protection program activity were identifed in the 2008–09 RPP. The Agency decided to create a new indicator, comprised of four sub-indicators: two sub-indicators (Plants with Novel Traits and Novel Fertilizer) were drawn from the *2007–2008 Performance Report* and two sub-indicators (Feed and Veterinary Biologics) were newly created.

[32] As performance indicators for this program activity were not set in the 2008–09 RPP, there were also no targets specified. The targets for the Plants with Novel Traits and Novel Fertilizer sub-indicators have been brought forward from the *2007–2008 Performance Report*.

### *Benefits for Canadians*

Through the Agency's improved monitoring, testing and control of the plant and animal resource base, Canadians are better protected from serious economic and environmental impacts resulting from highly contagious foreign animal and plant diseases. Rigorous assessments provided Canadian farmers with access to a greater number of safe new plants and agricultural products, while increased confidence in our regulatory systems has supported the export of Canadian products.

## 2.2.3 Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards


Inputs
Program Activity
Outputs
Expected Results
Strategic Outcome
GoC Strategic Outcome
Financial and human resources
Integrated Regulatory Frameworks
Domestic and International Market Access
• International negotiations and agreements
• Rights, registration and approvals
• Technical market access
• International standards
• International, regional and bilateral agreements
• Systems recognition
The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests
Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace from which Canadian consumers benefit
Contributes to consumer protection and market access based on the application of science and standards
A Fair and Secure Marketplace
A Prosperous Canada through Global Commerce
Key Risks
• Program Framework • Partnership: Roles and Responsibilities

The CFIA's programming contributes to securing the conditions needed for consumer protection (as it relates to food and certain agricultural products) and for a prosperous Canadian agri-food sector that is able to access global markets. The Agency aims to verify that information provided to Canadian consumers through labels and advertising is truthful and not misleading. The CFIA also works to facilitate continued and new market access for Canadian agriculture and agri-food products by verifying that Canadian products meet Canadian regulations and international standards and by representing Canada's interests in international fora through the provision of technical support and in negotiating technical agreements and standards. To facilitate a level playing field for domestic producers and importers, the CFIA also verifies that imported products meet Canadian standards. In 2008–09, the CFIA worked with the Canadian Grain Commission on supporting export and domestic market access and on a portfolio seed policy working group to support coordinated policy development and information sharing related to field crop production. In carrying out activities toward the achievement of this strategic outcome, the Agency focused its efforts on the following priority:

- Improving the program and regulatory frameworks to support continued consumer protection and economic prosperity.

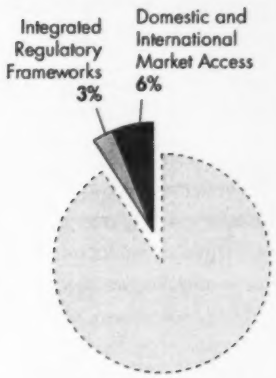
### *Program Activity Summary*

Performance against plans and priorities is presented within the context of the following two program activities:

- Integrated Regulatory Frameworks; and
- Domestic and International Market Access.

Work under these program activities is aimed at addressing the *Program Framework* and *Partnership: Roles and Responsibilities* corporate risk areas.

**2008–09 Actual Spending**




## *Integrated Regulatory Frameworks*

The CFIA is continuing efforts toward building a regulatory base that is consistent, science-based and outcome-oriented and that aims to provide greater transparency for consumers and industry while supporting trade and facilitating collaboration. As part of this process, advances in inspection approaches, changing food consumption trends, increasing trade volumes and higher international standards have underscored the need to review and modernize the Agency's legislative and regulatory framework to ensure its authorities remain sufficiently robust. The Agency is committed to building on past efforts toward renewing the legislative and regulatory framework and is continuing to work with its federal partners toward that goal.

### *Performance Analysis*

As discussed in section 2.2.2 (Plant Health Risks and Production Systems), the CFIA continued to develop a strengthened and streamlined Canadian plant and plant product regulatory framework to support enhanced compliance as well as minimize unnecessary regulatory burden, reduce barriers to innovation and trade, and to facilitate competitiveness of the Canadian agricultural sector while maintaining the highest safety, quality, efficacy and environmental sustainability standards. In contributing to the Government of Canada's PBRI, the Agency achieved its target of a 20 per cent reduction in administrative burden imposed on business. This success represents over 250 projects taken from across the Agency's mandate with a view to streamlining and simplifying administrative requirements.

The Agency continued to work toward implementing the Government-wide Cabinet Directive on Streamlining Regulation (CDSR) which provides for a more effective, efficient and accountable regulatory system. While the Agency has played an active role in supporting the implementation of the CDSR, new and enhanced requirements for the development of regulations have placed challenges on existing resources in the areas of risk assessment, economic assessment and performance measurement. The Agency also began work on the development of a modernized user fee regime that is more streamlined, flexible and consistent with that of international competitors. The CFIA remains committed to addressing these short-term challenges in order to realize better, more effective regulation in the future.

The CFIA also continued to promote national and international alignment of regulations and standards, working with partners to remain at the forefront of scientific developments and to influence the establishment of national and international standards that are based on the most current science and that contribute to a more predictable trade environment. The proposed National Strategy for Safe Food developed by F/P/T food safety officials sets out a vision and common priorities to align federal, provincial and territorial food safety efforts, thereby addressing trading partners' demands, improving national oversight, maintaining consumer confidence and enhancing the ability to demonstrate effectiveness of the overall food safety system. Internationally, the Agency influences the implementation of the World Trade Organization (WTO) Sanitary and Phytosanitary Agreement, which stipulates that regulations must be based on science, are applied only to the extent necessary to protect human, animal or plant life or health and do not arbitrarily or unjustifiably discriminate against other countries.

***Lessons Learned***

- The coordination and alignment of national and international regulations represents a key element in the design and implementation of effective regulatory frameworks. The Agency has learned that it is critical to engage stakeholders in joint priority setting in order to advance resolution of trade barriers and to mitigate emerging risks.

### *Performance Summary*

The CFIA has taken steps to improve and modernize its program and regulatory frameworks including the promotion of national and international alignment of regulations and enforcement procedures. While the Agency has met its performance target, as indicated in the table below, and has made progress toward achieving its expected result that the CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests, ongoing work in this area is needed.

The following table identifies the CFIA's expected result, performance indicators and targets for this program activity, and reports 2008–09 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to section 3.3.2 Summary of Performance Indicators.

**Table 2–7: Summary of Performance: Integrated Regulatory Frameworks**

| Program Activity: Integrated Regulatory Frameworks[33] | | | | | |
|---|---|---|---|---|---|
| **Expected Result: The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests** | | | | | |
| **2008–09 Financial Resources ($ millions)** | | | **2008–09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 19.5 | 21.6 | 21.1 | 237 | 186 | 51 |
| **Performance Indicators** | | **Targets** | | **Performance Status** | |
| The proportion of regulatory initiatives that are pre-published in *Canada Gazette*, Part I prior to publication in *Canada Gazette*, Part II[34]<br>Data systems and process controls rating<br>Not assessed | | ≥ 95% of regulatory initiatives are pre-published in *Canada Gazette*, Part I prior to publication in *Canada Gazette*, Part II | | 100% | Met |
| **Performance Analysis:**<br>In 2008–09, the CFIA successfully passed nine regulatory amendments. Four specific exemptions to the pre-publishing requirement were granted by the Treasury Board. These exemptions were minor and had no substantial implications for the implementation of the regulations and, therefore, have not been reported as affecting the assigned performance rating.<br>**Three-year Trend Analysis:**<br>As 2008–09 is the first year the Agency is reporting on this performance indicator, trend information is not available. | | | | | |
| **Additional information:**<br>Paperwork Burden Reduction Initiative official site (Industry Canada): http://www.reducingpaperburden.gc.ca/epic/site/pbri-iafp.nsf/en/h_sx00001e.html<br>Fair Labelling Practices: http://www.inspection.gc.ca/english/fssa/labeti/labetie.shtml<br>Seeds: http://www.inspection.gc.ca/english/plaveg/seesem/seeseme.shtml<br>Fertilizer: http://www.inspection.gc.ca/english/plaveg/fereng/ferenge.shtml | | | | | |

[33] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

[34] There are instances where a regulatory initiative would be published in the *Canada Gazette*, Part II, without being pre-published in the *Canada Gazette*, Part I.

## *Domestic and International Market Access*

The CFIA contributes to securing the conditions for an innovative and prosperous economy primarily by facilitating and maintaining fair competition, supporting fair market practices, monitoring product efficacy/quality and enabling products to enter domestic and international markets. These activities include the responsibility for enforcing food labelling provisions in Canada and playing a key role in protecting consumers and enabling them to make informed choices.

### POTATO CYST NEMATODES

PCN are considered quarantine pests because, if left unmanaged, they can reduce yields of potatoes and other host crops such as tomatoes and eggplants by up to 80 per cent. These pests infest the soil and are very difficult to eradicate because they can persist, dormant in the soil, for several decades.

Following detection of PCN in Alberta in 2007, an extensive survey and sample collection initiative was required in an extremely rapid timeframe in order to enable market access for Canadian seed potatoes to the U.S. and Mexico. Results of testing for the 2008 crop were negative for PCN.

The CFIA and the U.S. Department of Agriculture (USDA) released revised PCN Phytosanitary Guidelines which, as of January 28, 2009, allowed Alberta to resume the export of seed potatoes to the U.S. The CFIA also reached an agreement to resume the export of potatoes to Mexico. The Agency is working with the USDA and stakeholders to establish the parameters of a Canada-U.S. PCN management plan and related national PCN detection surveys for 2009/2010 and beyond.

### *Performance Analysis*

In 2008–09, the CFIA revised and implemented its Product of Canada and Made in Canada guidelines. The purpose of this revision was to provide consumers with greater transparency on what products are produced and/or processed in Canada. The Agency also took steps to improve industry awareness of labelling requirements and to enhance consistency in the application of enforcement measures.

The CFIA has continued its ongoing efforts to ensure the consistent application of science-based decision-making by importing countries with respect to market access for Canadian products. In 2008–09, the Agency was successful in regaining market access for cattle to Mexico, Jordan and Saudi Arabia and continued to pursue technical negotiations with Korea. The Agency, by increasing security features on export certificates in order to address concerns regarding fraudulent documents, negotiated the re-opening of the Russian market for Canadian pork and continues to engage with India regarding the re-evaluation of requirements for the export of pulses.

Under the umbrella of the Security and Prosperity Partnership (SPP), the CFIA continued to promote the safety of imported products by working with national and international partners to enhance information exchange mechanisms and conducting further research on food safety issues including outbreaks involving bio-threat agents. The inspection of imports and subsequent actions taken when pests are detected, as discussed in section 2.2.2, represent the first line of defence for Canada's agricultural resource base. The Agency has taken steps to improve inspection procedures for plant products so that they are conducted in a valid, risk-based manner.

**Lessons Learned**

- As export inspections are demand driven, higher than normal inspections are placed under pressure, with resources diverted from lower risk inspection activities, while continuing to fulfill the Agency's mandatory inspection requirements. In order to address these situations, the Agency has learned that it must work toward becoming more proactive in risk-based planning. The Agency is also conducting ongoing work with the CBSA to improve the overall management of its import activities.

*Performance Summary*

The CFIA has taken steps to protect consumers and the marketplace from unfair practices, improve market access and promote the security of Canada's food supply and agricultural resource base. The Agency has consistently met its performance targets over the past three years. Consequently, the Agency has made progress in achieving its expected result that Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace, from which Canadian consumers benefit.

The following table identifies the CFIA's expected result, performance indicators and targets for this program activity, and reports 2008–09 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to section 3.3.2 Summary of Performance Indicators.

## Table 2–8: Summary of Performance: Domestic and International Market Access

| Program Activity: Domestic and International Market Access[35] | | | | | |
|---|---|---|---|---|---|
| **Expected Result: Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace, from which Canadian consumers benefit** | | | | | |
| **2008–09 Financial Resources ($ millions)** | | | **2008–09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 30.3 | 35.7 | 37.6 | 496 | 657 | (161) |

| Performance Indicators | Targets | Performance Status | |
|---|---|---|---|
| Extent to which products, labels, and advertisements inspected are accurately represented<br>Data systems and process controls rating<br>Not assessed | 70% of products, labels, and advertisements inspected are accurately represented | 82% | Met |

**Performance Analysis:**

The CFIA met its assigned target and continues to work to maintain its results.

**Compliance Approaches and Methods:**

A targeted approach is used for assessing compliance and compliance results are determined during the initial testing of products, labels and advertisements.

**Three-year Trend Analysis:**

As 2008–09 is the first year the Agency is reporting on this performance indicator, trend information is not available.

| Performance Indicators | Targets | Performance Status | | |
|---|---|---|---|---|
| Extent to which certified food, animal and plant shipments meet the receiving country's import requirements<br>Data systems and process controls rating<br>Meat, Fish & Seafood and Processed Egg: Good<br>Animal: Not assessed[36]<br>Plant: Not assessed | ≥ 99% meet requirements | Food – Meat | 100% | Met |
| | | Food – Fish and Seafood | 99% | Met |
| | | Food – Processed Egg | 100% | Met |
| | | Animal | No data available | |
| | | Plant | 100% | Met |

**Performance Analysis:**

The CFIA conducts animal certification for export, but foreign importers are not required to provide the Agency with information on the number of live animals rejected upon delivery. As such, the CFIA had no data available for the Animal sub-indicator. The CFIA is working on a new system that will allow it to collect accurate data on this area in the future.

**Three-year Trend Analysis:**

For the past three years, the Agency has met its target for this performance indicator.

[35] In 2008–09, the CFIA transitioned to a new PAA which included the re-allocation of Internal Services spending and FTEs across the new program activities. This has affected the comparability of spending and FTE information between the 2007–08 and 2008–09 fiscal years.

[36] No data was available for 2008–09; as such, the Agency is unable to provide a data system quality rating.

| Performance Indicators | Targets | Performance Status |
|---|---|---|
| Extent to which the service standards within the plant program are met<br>Data systems and process controls rating<br>Not assessed[37] | ≥ 95% of plant programs applications which are subject to service standards are completed within the service standard identified | No data available |
| **Performance Analysis:**<br>The CFIA did not collect data in relation to this performance indicator in 2008–09 because it was deemed to be insufficient in order to provide a valuable indication of the extent to which the Agency is able to achieve the established service standards. The moratorium on increasing user fees and need for more stringent service standards resulted in a re-evaluation of this indicator in order to improve the Agency's ability to measure its performance in this area.<br>**Three-year Trend Analysis:**<br>As 2008–09 is the first year the Agency was to report on this performance indicator, trend information is not available. | | |
| **Additional information:**<br>In 2008, the CFIA received 348 applications for plant breeders' rights (PBR) and rights were granted to 333 plant varieties. The Agency also renewed the protection of 1,677 varieties that were previously approved for grant of rights. For more information on PBR please visit:<br>http://www.inspection.gc.ca/english/plaveg/pbrpov/pbrpove.shtml<br>Destination Inspection Services: http://www.inspection.gc.ca/english/fssa/frefra/dis/dise.shtml#serv<br>Canada Organic Regime: http://www.inspection.gc.ca/english/fssa/orgbio/orgbioe.shtml | | |

### *Benefits for Canadians*

Market access and consumer protection are key to Canada's economy. Through science-based regulation, resolved technical barriers and revisions to guidelines and standards, producers of Canadian food, plants, animals and related products have greater international access, as well as a fair and efficient marketplace within which to operate.

[37] No data was available for 2008–09; as such, the Agency is unable to provide a data system quality rating.

# Section III: Supplementary Information

## 3.1 Financial Information

### 3.1.1 Financial Highlights

The financial highlights presented within this report are intended to serve as a general overview of the CFIA's financial position and operations. Financial statements are prepared in accordance with accrual accounting principles, Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*. The Agency has been audited since its creation and has always received an unqualified opinion.

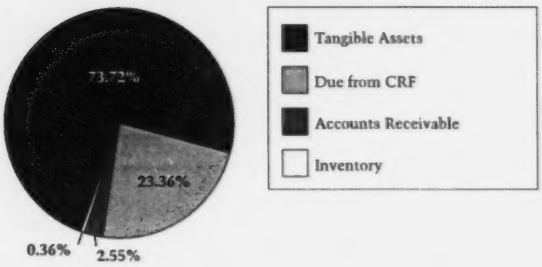
(In thousands of dollars)

| Condensed Statement of Financial Position<br>As at March 31 | % Change | 2009 | 2008 |
|---|---|---|---|
| ASSETS | | | |
| Total Assets | (5.59%) | 274,269 | 290,505 |
| **TOTAL** | (5.59%) | **274,269** | **290,505** |
| LIABILITIES | | | |
| Total Liabilities | 12.35% | 226,956 | 202,004 |
| EQUITY | | | |
| Total Equity | (46.54%) | 47,313 | 88,501 |
| **TOTAL** | (5.59%) | **274,269** | **290,505** |

(In thousands of dollars)

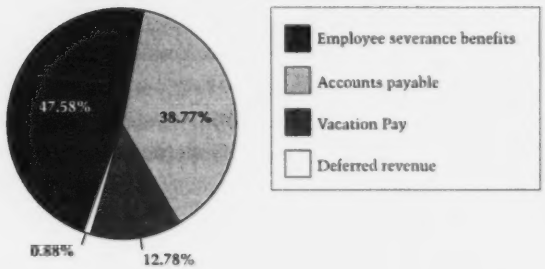
| Condensed Statement of Operations<br>Year ended March 31 | % Change | 2009 | 2008 |
|---|---|---|---|
| REVENUE | | | |
| Total Revenues | (10.94%) | 54,299 | 60,971 |
| EXPENSES | | | |
| Total Expenses | 0.13% | 805,691 | 804,637 |
| **NET COST OF OPERATIONS** | 1.03% | **751,392** | **743,666** |

### Assets by Type



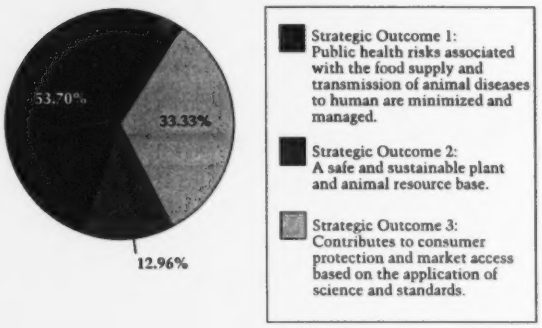

Total assets at the end of 2008–2009 were $274 million, a decrease of $16 million (6%) over previous year's total assets of $290 million. Tangible assets represented the largest portion of total assets, at $202 million or 74% of total assets, while due from CRF represented 23% at $64 million. Accounts receivable only represented 3%, followed by inventory which represented less than 1% of total assets.

### Liabilities by Type



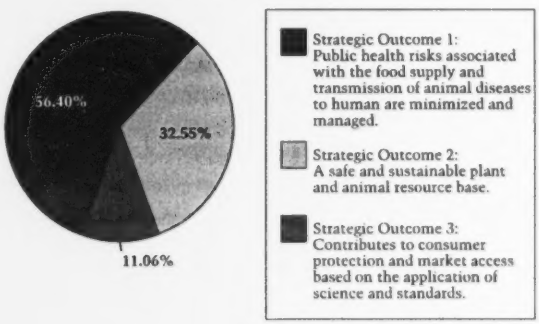

Total liabilities at the end of 2008–2009 were $227 million, an increase of $25 million (12%) over the previous year's total liabilities of $202 million. Employee severance benefits represented 48% of total liabilities, at $108 million, followed by the accounts payable which represented 39% of total liabilities, at $88 million. Vacation pay represented $29 million or 13%, while deferred revenue only represented less than 1% of total liabilities.

### Revenues by Strategic Outcome


53.70%
33.33%
12.96%
Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to human are minimized and managed.
Strategic Outcome 2: A safe and sustainable plant and animal resource base.
Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.

The Agency's total revenues amounted to $54 million for 2008–2009. The $7 million (11%) decrease from the previous year is primarily due to the government's approval of certain user fee remissions to address inequities in the current fee structure. More than half of the revenue was derived from the Strategic Outcome 1. Strategic Outcome 3 represented 33% of all revenues, or $18 million, where $7 million, or 13% were derived from Strategic Outcome 2.

### Expenses by Strategic Outcome


56.40%
32.55%
11.06%
Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to human are minimized and managed.
Strategic Outcome 2: A safe and sustainable plant and animal resource base.
Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.

The total expenses for CFIA were $805 million in 2008–2009. The majority of the funds, $454 million or 56%, was spent for Strategic Outcome 1. Strategic Outcome 2 represented $263 million or 33% of total expenses, while Strategic Outcome 3 represented $89 million or 11% of total expenses.

## 3.1.2 Auditor General's Audit Opinion on Financial Statements and Audited Financial Statements

Auditor General of Canada
Vérificatrice générale du Canada

### AUDITOR'S REPORT

To the President of the Canadian Food Inspection Agency and the Minister of Agriculture and Agri-Food:

I have audited the statement of financial position of the Canadian Food Inspection Agency as at March 31, 2009 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
7 August 2009

Financial Statements of

# CANADIAN FOOD INSPECTION AGENCY

Year ended March 31, 2009

# CANADIAN FOOD INSPECTION AGENCY

## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2009 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act.*

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act,* are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate division of responsibilities, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The Departmental Audit Committee is responsible for ensuring that the President has independent, objective advice, guidance, and assurance as to the adequacy of the Agency's control and accountability processes. In order to give this support to the President, the Departmental Audit Committee exercises active oversight of core areas of the Agency's controls and accountabilities, including values and ethics, risk management, management control framework, internal audit functions, and accountability reporting.

The financial statements of the Agency have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Carole Swan
President

Stephen Baker
Vice-President, Finance, Administration and Information Technology

Ottawa, Canada
August 7, 2009

# CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

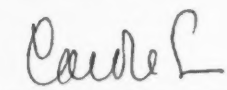
As at March 31
(In thousands of dollars)

| | 2009 | 2008 |
|---|---|---|
| **Assets** | | |
| Financial assets: | | |
| Due from the Consolidated Revenue Fund | $ 64,568 | $ 77,326 |
| Accounts receivable and advances (Note 4) | 6,768 | 8,679 |
| | 71,336 | 86,005 |
| Non-financial assets: | | |
| Inventory | 1,220 | 1,310 |
| Tangible capital assets (Note 5) | 201,713 | 203,190 |
| | 202,933 | 204,500 |
| | $ 274,269 | $ 290,505 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | $ 87,875 | $ 81,773 |
| Vacation pay | 29,035 | 28,051 |
| Deferred revenue | 2,537 | 1,611 |
| Employee severance benefits (Note 6) | 107,509 | 90,569 |
| | 226,956 | 202,004 |
| **Equity of Canada** | 47,313 | 88,501 |
| | $ 274,269 | $ 290,505 |

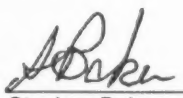
Contingent liabilities (Note 8)
Contractual obligations (Note 9)

The accompanying notes are an integral part of these financial statements.

Approved by:



Carole Swan
President



Stephen Baker
Vice-President, Finance, Administration and Information Technology

# CANADIAN FOOD INSPECTION AGENCY

Statement of Operations

Year ended March 31
(In thousands of dollars)

| | 2009 | | | | 2008 |
|---|---|---|---|---|---|
| | Food Safety and Public Health | Science and Regulation | Animal and Plant Resource Protection | Total | Total |
| Revenues | | | | | |
| Inspection fees | $24,710 | $9,209 | $3,941 | $37,860 | $42,805 |
| Registrations, permits, certificates | 2,154 | 6,836 | 1,439 | 10,429 | 11,693 |
| Miscellaneous fees and services | 9 | 2,239 | 1,240 | 3,488 | 3,878 |
| Establishment license fees | 1,716 | 139 | - | 1,855 | 1,776 |
| Grading | 236 | 2 | - | 238 | 224 |
| Administrative monetary penalties | 365 | - | - | 365 | 522 |
| Interest | 36 | 5 | 23 | 64 | 73 |
| Total Revenues | 29,226 | 18,430 | 6,643 | 54,299 | 60,971 |
| Operating expenses | | | | | |
| Salaries and employee benefits | 347,491 | 66,559 | 168,918 | 582,968 | 578,477 |
| Professional and special services | 38,413 | 13,350 | 19,658 | 71,421 | 72,979 |
| Accommodation | 16,029 | 141 | 10,754 | 26,924 | 22,722 |
| Amortization | 14,188 | 2,073 | 8,928 | 25,189 | 24,124 |
| Travel and relocation | 10,948 | 2,284 | 8,511 | 21,743 | 28,143 |
| Utilities, materials and supplies | 11,216 | 1,112 | 7,085 | 19,413 | 22,789 |
| Communications | 5,964 | 912 | 4,973 | 11,849 | 11,377 |
| Repairs | 1,840 | 1,352 | 4,695 | 7,887 | 9,888 |
| Furniture and equipment | 4,051 | 694 | 2,909 | 7,654 | 11,332 |
| Information | 893 | 271 | 2,799 | 3,963 | 5,194 |
| Equipment rentals | 426 | 80 | 1,763 | 2,269 | 2,301 |
| Miscellaneous | 682 | 164 | 289 | 1,135 | 1,901 |
| Loss on disposal of tangible capital assets | 259 | 38 | 163 | 460 | 98 |
| Total operating expenses | 452,400 | 89,030 | 241,445 | 782,875 | 791,325 |
| Transfer payments | | | | | |
| Compensation payments (Note 7) | - | - | 20,480 | 20,480 | 10,630 |
| Other | 1,406 | 160 | 770 | 2,336 | 2,682 |
| Total transfer payments | 1,406 | 160 | 21,250 | 22,816 | 13,312 |
| Total Expenses | 453,806 | 89,190 | 262,695 | 805,691 | 804,637 |
| Net Cost of Operations | $424,580 | $70,760 | $256,052 | $751,392 | $743,666 |

The accompanying notes are an integral part of these financial statements.

# CANADIAN FOOD INSPECTION AGENCY

Statement of Equity of Canada

Year ended March 31
(In thousands of dollars)

| | 2009 | 2008 |
|---|---|---|
| Equity of Canada, beginning of year | $ 88,501 | $ 91,095 |
| Net cost of operations | (751,392) | (743,666) |
| Net cash provided by Government of Canada | 657,802 | 679,972 |
| Change in due from the Consolidated Revenue Fund | (12,758) | 682 |
| Services received without charge from other government departments (Note 10) | 64,746 | 60,037 |
| Assets funded by other government departments | 414 | 381 |
| Equity of Canada, end of year | $ 47,313 | $ 88,501 |

The accompanying notes are an integral part of these financial statements.

# CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flow

Year ended March 31
(In thousands of dollars)

| | 2009 | 2008 |
|---|---|---|
| **Operating activities** | | |
| Cash received from: | | |
| Fees, permits and certificates | $ (57,001) | $ (60,298) |
| Cash paid for: | | |
| Salaries and employee benefits | 516,620 | 516,093 |
| Operating and maintenance | 149,031 | 189,502 |
| Transfer payments | 25,784 | 10,040 |
| Cash used by operating activities | 634,434 | 655,337 |
| **Capital investment activities** | | |
| Acquisition of tangible capital assets | 23,425 | 25,252 |
| Proceeds from disposal of assets | (57) | (617) |
| Cash used by capital investment activities | 23,368 | 24,635 |
| **Financing activity** | | |
| Net cash provided by Government of Canada | (657,802) | (679,972) |
| Net cash used | $ - | $ - |

The accompanying notes are an integral part of these financial statements.

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

## 1. Authority and Purposes

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The *Act* consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Agriculture and Agri-Food.

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food, animals and plants. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

In delivering its mandate, the Agency operates under the following program activities:

(a) Food Safety and Public Health: ensures that food is safe, consumers have appropriate information on which to base healthy food choices and prevents the transmission of animal disease to humans.

(b) Science and Regulation: provides a fair and effective regulatory regime for food, animals and plants, and maintains the integrity of the Agency's regulatory policy, inspection and certification activities.

(c) Animal and Plant Resource Protection: protects Canada's livestock, crops and forests from regulated pests and diseases including invasive species and regulates agricultural products, including products of biotechnology.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act*, *Canada Agricultural Products Act*, *Canadian Food Inspection Agency Act*, *Feeds Act*, *Fertilizers Act*, *Fish Inspection Act*, *Health of Animals Act*, *Meat Inspection Act*, *Plant Breeders' Rights Act*, *Plant Protection Act*, and *Seeds Act*.

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

The Minister of Health remains responsible for establishing policies and standards relating to the safety and nutritional quality of food sold in Canada. The Minister of Health is also responsible for assessing the effectiveness of the Agency's activities related to food safety.

Operating and capital expenditures are funded by the Government of Canada through parliamentary appropriations. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues generated by its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

## 2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act.*

Significant accounting policies are as follows:

(a) Parliamentary appropriations

The Agency is mainly financed by the Government of Canada through parliamentary appropriations. Appropriations provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high level reconciliation between the bases of reporting.

(b) Net cash provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF), which is administrated by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Due from the Consolidated Revenue Fund (CRF)

Due from the CRF represents the net amount of cash that the Agency is entitled to draw from the CRF without further appropriations to discharge its liabilities. These amounts have been charged to current or prior years' appropriations but will be paid in the future.

(d) Revenues

Revenues for fees, permits and certificates are recognized in the accounts based on the services provided in the year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses

Expenses are recorded on an accrual basis:

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services received without charge from other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits:

The Agency's eligible employees participate in the Public Service Pension Plan (Plan), a multi-employer plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. The Agency's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Agency. The Agency is not required under present legislation to make contributions with respect to actuarial deficits of the Plan.

(ii) Severance benefits:

Eligible employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(iii) Other future benefit plans:

The federal government sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Services Plan represent the two major future benefit plans available to the Agency's employees.

The Agency does not pay for these programs as they fall under the federal government's financial responsibilities, but the Agency records its share of the annual benefits paid under these programs as a service received without charge from other government departments. No amount is recorded in the Agency's financial statements with regard to either the actuarial liability of these programs at year end or the annual increase of such liabilities.

(g) Accounts receivable and advances

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Environmental liabilities

Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the Agency becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the Agency's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

(j) Inventories

Inventories consist of laboratory materials, supplies and livestock held for future program delivery and not intended for re-sale. They are valued at cost. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

(k) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 ($3,000 for computer equipment and software) or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

| Asset class | Amortization Period |
|---|---|
| Buildings | 20-30 years |
| Machinery and equipment | 5-20 years |
| Computer equipment and software | 3-10 years |
| Vehicles | 7-10 years |
| Leasehold improvements | Lesser of the remaining term of the lease or useful life of the improvement |
| Assets under construction | Once in service, in accordance with asset class |

(l) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities (include claims and litigation), the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated.

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

## 3. Parliamentary Appropriations

The Agency receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Net cost of operations | $751,392 | $743,666 |
| Adjustments for items affecting net cost of operations but not affecting appropriations: | | |
| Add (less): | | |
| Services received without charge from other government departments | (64,746) | (60,037) |
| Amortization of tangible capital assets | (25,189) | (24,124) |
| Revenue not available for spending | 415 | 607 |
| Net changes in future funding requirements | (39,713) | (3,520) |
| Low value assets funded by other government departments | (47) | (132) |
| Loss on disposal of tangible capital assets | (460) | (98) |
| Post-capitalization of tangible capital assets | 439 | 264 |
| | (129,301) | (87,040) |
| Adjustments for items not affecting net cost of operations but affecting appropriations: | | |
| Add (less): | | |
| Acquisition of tangible capital assets | 23,425 | 25,252 |
| Proceeds from disposal of assets | (57) | (617) |
| | 23,368 | 24,635 |
| Current year appropriations used | $645,459 | $681,261 |

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

(b) Appropriations provided and used:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Vote 30 - Operating expenditures | $557,710 | $601,941 |
| Vote 35 - Capital expenditures | 44,396 | 26,493 |
| Statutory contributions to employee benefits plans and compensation payments | 94,853 | 85,872 |
| Less: | | |
| Appropriations available for future years | (19) | (386) |
| Lapsed appropriation – operating | (33,143) | (28,488) |
| Lapsed appropriation – capital | (18,338) | (4,171) |
| Current year appropriations used | $645,459 | $681,261 |

(c) Reconciliation of net cash provided by Government to current year appropriations used:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Net cash provided by Government of Canada | $657,802 | $679,972 |
| Revenue not available for spending | 415 | 607 |
| Change in due from the Consolidated Revenue Fund | | |
| Variation in accounts receivable and advances | 1,911 | 9,481 |
| Variation in accounts payables and accrued liabilities | 6,102 | (12,422) |
| Variation in deferred revenue | 926 | (773) |
| Other adjustments | (21,697) | 4,396 |
| | (12,758) | 682 |
| Current year appropriations used | $645,459 | $681,261 |

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

## 4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Receivables from other government departments and agencies | $1,245 | $2,448 |
| Receivables from external parties | 5,793 | 6,731 |
| Employee advances | 113 | 150 |
| Other | 106 | - |
| | 7,257 | 9,329 |
| Less: | | |
| Allowance for doubtful accounts on external receivables | (489) | (650) |
| Total | $6,768 | $8,679 |

## 5. Tangible Capital Assets

(in thousands of dollars)

| | Cost | | | | Accumulated amortization | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital asset class | Opening balance | Acquisitions | Disposals and write-offs | Closing balance | Opening balance | Amortization | Disposals and write-offs | Closing balance | 2009 Net book value | 2008 Net book value |
| Land | $3,331 | $ - | $ - | $3,331 | $ - | $ - | $ - | $ - | $3,331 | $3,331 |
| Buildings | 253,192 | 1,242 | 2,167 | 252,267 | 159,053 | 9,142 | 2,137 | 166,058 | 86,209 | 94,139 |
| Machinery and equipment | 79,288 | 4,282 | 4,776 | 78,794 | 30,927 | 4,997 | 4,544 | 31,380 | 47,414 | 48,361 |
| Computer equipment and software | 48,067 | 1,870 | 7,706 | 42,231 | 37,112 | 4,866 | 7,639 | 34,339 | 7,892 | 10,955 |
| Vehicles | 35,078 | 345 | 661 | 34,762 | 15,459 | 4,732 | 529 | 19,662 | 15,100 | 19,619 |
| Assets under construction | 20,836 | 16,657 | 2,849 | 34,644 | - | - | - | - | 34,644 | 20,836 |
| Leasehold improvements | 13,197 | 2,717 | 102 | 15,812 | 7,248 | 1,452 | 11 | 8,689 | 7,123 | 5,949 |
| | $452,989 | $27,113 | $18,261 | $461,841 | $249,799 | $25,189 | $14,860 | $260,128 | $201,713 | $203,190 |

Amortization expense for the year ended March 31, 2009 is $25,189 (2008 - $24,124).

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

## 6. Employee Benefits

(a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan (Plan), a multi-employer plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. In 2008-2009, the Agency contributed $53,472,000 (2008 - $54,322,000), which represents approximately 2.03 times (2008 – 2.23 times) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations. Information about the severance benefits, measured for March 31, is as follows:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Accrued benefit obligation, beginning of year | $90,569 | $83,564 |
| Expense for the year | 24,683 | 14,127 |
| Benefits paid during the year | (7,743) | (7,122) |
| Accrued benefit obligation, end of year | $107,509 | $90,569 |

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

## 7. Compensation Payments

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. During the year, compensation payments incurred pursuant to these two Acts totaled $20,480,000 (2008 - $10,630,000). These payments pertained to the following diseases:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Sudden Oak Death | $10,478 | $7,052 |
| Chronic Wasting Disease | 6,306 | 1,180 |
| Avian Influenza | 1,198 | 468 |
| Plum Pox Virus | 720 | 315 |
| Asian Long Horn Beetle | 469 | 105 |
| Scrapie | 444 | 10 |
| Emerald Ash Borer | 98 | 507 |
| Other | 767 | 993 |
| | $20,480 | $10,630 |

## 8. Contingent Liabilities

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Agency is obligated or likely to be obligated to incur such costs. There are currently no known contaminated sites identified where such action is possible. The Agency's ongoing effort to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the Agency in the year in which they become known.

(b) Claims (including legal claims and employee grievances) and litigation

Claims relating to both legal and employee grievances have been made against the Agency in the normal course of operations. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimate of liability is accrued and an expense recorded in the financial statements.

Amounts have been accrued for contingent liabilities as at March 31, 2009 pertaining to legal claims. The amount of the contingent liabilities for legal claims recognized is based on management's best estimate. Other legal claims against the Agency and other defendants include class actions suits related to bovine spongiform encephalopathy (BSE) for which amounts and likelihood of liability cannot be determined. The limited disclosure regarding the contingent liabilities for legal claims recognized by the Agency is a direct reflection of the sensitivity and status of on-going claims.

No amounts have been accrued pertaining to employee grievances as at March 31, 2009.

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

## 9. Contractual Obligations

The nature of the Agency's activities can result in some large multi-year contracts and agreements whereby the Agency will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

| (in thousands of dollars) | 2010 | 2011 | 2012 | 2013 | 2014 and thereafter | Total |
|---|---|---|---|---|---|---|
| Capital projects | $6,945 | $ 24 | $ - | $ - | $ - | $6,969 |
| Operating leases | 60 | 5 | 3 | - | - | 68 |
| Transfer payments | 1,165 | 634 | - | - | - | 1,799 |
| Other agreements | 8,026 | 3,027 | 2,210 | 1,653 | 1,623 | 16,539 |
| Total | $16,196 | $3,690 | $2,213 | $1,653 | $1,623 | $25,375 |

## 10. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms.

a) Services received without charge from other government departments

During the year, the Agency received without charge from other departments, the employer's contribution to the health and dental insurance plans, accommodation, legal services, and audit services. These services without charge have been recognized in the Agency's statement of operations as follows:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Employer's contribution to the health and dental insurance plans | $37,006 | $36,031 |
| Accommodation | 26,627 | 22,238 |
| Legal services | 886 | 1,586 |
| Audit services | 225 | 182 |
| Other | 2 | - |
| | $64,746 | $60,037 |

# CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2009

The Government of Canada has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The cost of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included in the Agency's statement of operations.

b) Receivables and payables outstanding at year-end with related parties are as follows:

| (in thousands of dollars) | 2009 | 2008 |
|---|---|---|
| Accounts receivable from other government departments and agencies | $ 1,245 | $2,448 |
| Accounts payable to other government departments and agencies | 10,814 | 7,913 |

**11. Comparative Information**

Certain comparative figures have been reclassified to conform to the current year's presentation.

## 3.2 List of Supplementary Information Tables

- Sources of Respendable and Non-Respendable Revenue
  - Sources of Respendable Revenue
  - Sources of Non-Respendable Revenue
- 2008–09 User Fee Reporting – *User Fees Act*
- Details on Project Spending
- Details on Transfer Payments Programs
- Agency Regulatory Plans
- Horizontal Initiatives
  - Table A: CFIA-led initiative – National Aquatic Animal Health Program
  - Table B: All Other Horizontal Initiatives
- Internal Audits and Evaluations
  - Table A: Audits
  - Table B: Evaluations
- Response to Parliamentary Committees and External Audits
- Green Procurement

## 3.3 Other Items of Interest

- RPP Commitments Performance Table
  - Operational Commitments
  - Management Commitments
- Summary of Performance Indicators
- Performance Indicators by Operational Priority
- Further Information on the Assessment of Compliance